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ABSTRACT

The 133rd meeting of the Association of Research Libraries (ARL) focused on strategies for confronting critical challenges associated with the digital era and for fostering understanding from university leaders and supporters regarding the resources needed to perform successfully in this print plus digital environment. Program Session I, "Fundraising for the Digital Library," was introduced by ARL President James G. Neal. The Chief Executive's perspective on university fundraising was commented on by C. D. Mote, Jr., President of the University of Maryland, College Park. Dwight Burlingame, Associate Executive Director, Indiana University Center on Philanthropy, followed with remarks on successful strategies for raising funds to support infrastructure and collections of electronic resources. Elaine Sloan introduced the second session "The Impact of Journal Mergers: A Preliminary Report". "The Impact of Publisher Mergers on Journal Prices: A Preliminary Report" by Mark J. McCabe, formerly an economist with the Department of Justice, reported the preliminary findings of his ongoing study on the competitive impact of publishing mergers on the market for academic journals. The Federal Relations luncheon program "The Digital Millennium: What Does It All Mean?", sponsored by the Information Policies Committee, was a presentation by Arnold P. Lutzker, Lutzker and Lutzker LLP, on recent copyright legislation and current intellectual property issues. Session three "Staffing for the Digital Era" was introduced by Paul Kobulnicky, Chair, ARL Research Library Leadership and Management Committee, followed by Challenges in Recruiting for a Chief Information Officer by Jerry H. Baker, Partner, Baker, Parker, and Associates; "Recruiting and Retaining Staff with Technology Skills" by Mary G. Opperman, Vice President for Human Resources, Cornell University; and "Recruiting for Diversity in Research Libraries" by Jorge R. Schement, Professor of Communications and Information Policy,

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Pennsylvania State University. The program concluded with "Transforming Scholarly Communication" provosts' panel of experts addressed how to attract and retain staff who have the technical skills needed in the digital environment. Introduction by James G. Neal, ARL President; "Moving with Dispatch to Resolve the Scholarly Communication Crisis: From Here to NEAR" by David Shulenburger, Provost, University of Kansas; and "Achieving Maximal Value from Digital Technologies in Scholarly Communication" by Charles E. Phelps, Provost, University of Rochester. Appendixes include minutes of the Association Business Meeting; the Report on Association Activities, March 1998-September 1998; and an attendance list. (AEF)

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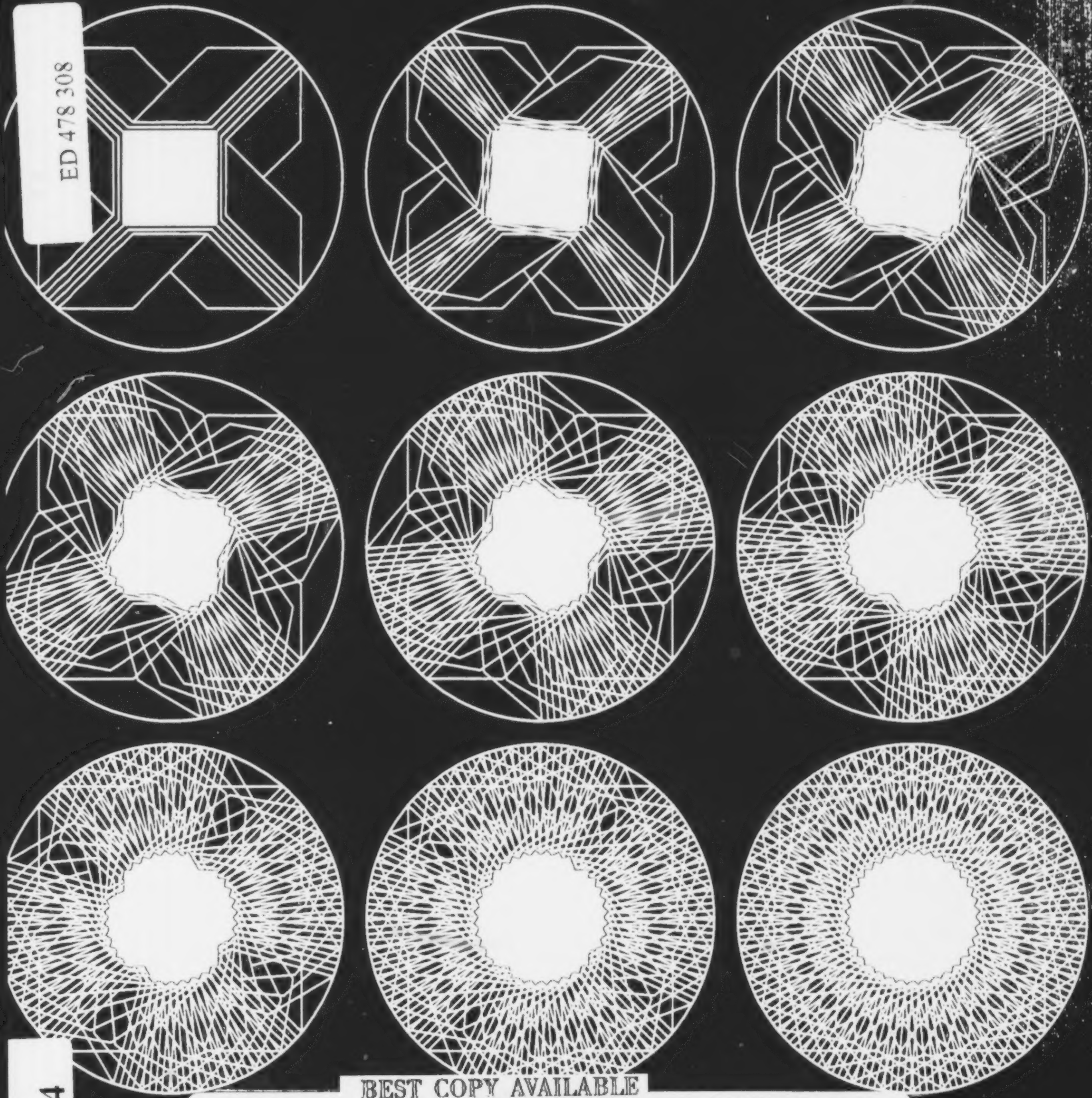

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CONFRONTING THE CHALLENGES OF THE DIGITAL ERA

ASSOCIATION OF RESEARCH LIBRARIES
PROCEEDINGS OF THE 133RD MEETING

WASHINGTON, D.C.
OCTOBER 14–16, 1998

JAMES G. NEAL, PRESIDING

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FOREWORD

CONFRONTING THE CHALLENGES OF THE DIGITAL ERA

Library leaders today confront an unprecedented situation. Not only must they make difficult choices for maintaining their investment in print-based materials, they must also move aggressively to support expanded access to electronic resources. The reality of maintaining parallel systems requires leaders to respond creatively to challenges such as leveraging scarce resources, redesigning jobs, and influencing the marketplace to contain exploding costs. This program explored strategies for confronting these critical challenges and for fostering understanding from university leaders and supporters regarding the resources needed to perform successfully in this print plus digital environment.

The program opened with comments by C. D. (Dan) Mote, Jr., President of the University of Maryland, College Park. President Mote presented the Chief Executive's perspective on university fundraising. Dwight Burlingame, Associate Executive Director, Indiana University Center on Philanthropy, followed with remarks on successful strategies for raising funds to support infrastructure and collections of electronic resources. In the second session, Mark McCabe, formerly an economist with the Department of Justice, reported the preliminary findings of his ongoing study on the competitive impact of publishing mergers on the market for academic journals.

The Federal Relations luncheon program, sponsored by the Information Policies Committee, was a presentation by Arnold P. Lutzker, Lutzker and Lutzker LLP, on recent copyright legislation and current intellectual property issues.

Following lunch, a panel of experts addressed how to attract and retain staff who have the technical skills needed in the digital environment. The program concluded with a presentation of the perspectives of Provosts David Shulenburger, University of Kansas, and Charles E. Phelps, University of Rochester, on the emerging challenges in scholarly communication.

PROGRAM SESSION I
FUNDRAISING FOR THE DIGITAL LIBRARY

Convened by James G. Neal, ARL President

Good morning, and welcome to all our member representatives and honored guests. I'd like to recognize in particular the individuals and participants of the ARL Leadership and Career Development Program. Thank you for coming.

I'd also like to recognize an individual who is attending his first ARL Membership Meeting: Jay Jordan, the new president and CEO at OCLC.

I trust that everyone had productive committee meetings yesterday and enjoyed last night's reception welcoming new directors and viewing the slide lecture provided by our colleagues from the Smithsonian Institution and the Library of Congress. At this evening's reception we will honor retiring directors, Joseph Boissé (University of California–Santa Barbara), Carlton Rochell (New York University), and David Stam (Syracuse University). Tomorrow morning, you will have the opportunity to see demonstrations of two of the AAU/ARL Global Resource Program databases, the Digital South Asian Library and the Latin American Journals Table of Contents Database.

Research libraries are being transformed by powerful forces and fundamental changes in global learning, information technology, and scholarly communication. To remain vital libraries must also become agents of transformation participating in the reshaping of the higher education and research enterprises. This requires a revisioning of the libraries' own future development and a fundamental rethinking of the economic models which underpin and define library growth and success.

The research library, particularly in its programs of collection development and information access, must behave almost chameleon like over the next decade as the current schizophrenic information environment is transformed. As Yogi Berra said, "When you come to a fork in the road, take it." Over the next two days at this 133rd ARL Membership Meeting, we will be confronting the challenges of the digital era. Our program sessions will focus on several key aspects of digital library development and our ability to advance in an environment where we are being asked to manage both expanding print and electronic collections.

Our topics will include fundraising, the scholarly publishing market, the staffing of our libraries, our expertise infrastructure, national information policy, and the scholarly communication process. We start off today by focusing on fund development: The raising of funds outside of our primary organizational environments to advance the goals of our libraries. Our keynote speaker today is Dr. Dan Mote, Jr.

In September of 1998, Dr. Mote began his tenure as President of the University of Maryland–College Park, and Glen L. Martin Professor of Engineering, after serving on the University of California–Berkeley faculty for 31 years. From 1991 to 1998, he served in several roles including Vice Chancellor of University Relations and President of the UC Berkeley Foundation. As Vice Chancellor, he led a comprehensive capital campaign with a goal of $1.1 billion dollars.

Between 1987 and 1991, he served as chair of Berkeley's Department of Mechanical Engineering while recruiting half of that department's faculty. He led the department to its number one ranking in the NRC Review of Graduate Program Effectiveness and raised approximately nine million dollars to support programs. His research efforts have resulted in more than 300 publications and patents in the U.S., Norway, Finland, and Sweden.

Dr. Mote is a registered professional engineer in California and has served professional societies in many capacities. Dating as far back as 1962, Dr. Mote's research, dedication, and commitment in his field have been recognized widely by peers, professional societies, and scientific councils. For more than three decades, he has received numerous grants, fellowships, and awards, all in recognition of historic contribution to his field and to research universities.

The Association of Research Libraries is truly pleased to have Dr. Mote present the chief executive's perception of university fundraising in this increasingly digital era.

Following Dr. Mote, we will continue our conversation about fundraising and welcome Dr. Dwight Burlingame. Dr. Burlingame is the Associate Executive Director for Academic Programs and Research at the Indiana University Center on Philanthropy. He is a professor in the Graduate School of Philanthropic Studies and the School of Public and Environmental Affairs. He has authored and co-authored seven books, over 30 articles and 100 book reviews. His most recent works include *Critical Issues in Fundraising, Corporate Philanthropy at the Cross-Roads* and *Library Fundraising: Models for Success.*

Dr. Burlingame is active in the non-profit community, a frequent speaker, consultant and author on topics related to philanthropy, libraries and development, and a former library director.

THE UNDERPINNING PRINCIPLES OF FUNDRAISING[1]

Dr. C. D. Mote, Jr., President
University of Maryland

Introduction

Fundraising skills are among the core responsibilities of a library director. Indeed, superior skills in this area can launch an administrator's career. Fundraising requires great subtlety and many do not learn the extent of this fact until faced with the responsibility directly. In an academic setting, the relationship among university administrators, deans, and development officers internal to the library is key. The following fundamental principles of fundraising have proven successful over time in an academic environment. These key principles begin by setting an appropriate framework for the relationships involved and then move into developing a strategic plan for nurturing relationships with donors. These principles encompass the process before it reaches the "how-to" stage, providing both perspective and clarification essential to the preparation of a successful fundraising campaign.

The Groundwork

In the beginning of any fundraising campaign, subtle decisions are made that set the course—and determine the potential success or failure—of the whole effort. Certain questions must be answered before these decisions can be made effectively:

- Are you on a long or short time scale?
- Are you thinking in terms of a lifetime relationship or in terms of one project?
- Who are your prospects? Corporations and foundations or individuals?
- What is your goal?

These are all fundamental questions and need to be thought through very carefully. But the most important question is the last one: What is your goal, or, in other words, what are you trying to do? The primary goal of a campaign must be absolutely clear. And, although it seems contradictory, your primary goal should not be to raise money. It should be to build the relationship with your support base and friends. This is the most important part of your fundraising program, and the critical answer to the question of what you are really trying to do. No one else can ask or answer this question except you.

For example, if you decide to hire a consultant, you should realize that consultants usually take a short-term view. Because consultants are expensive, the pressure is on them to produce gifts. This results in too much concentration on the process, creating what I call a "rape-and-pillage" mentality in your fundraising program: Go in, get the money, go on to the next one. This is the death knell for any long-standing fundraising program of the type you should have. Major universities and major libraries need lifetime, multi-generational friendships between themselves and their donors. And consultants, unfortunately, can lead us in all the wrong directions.

Understand Your Dollar Goals

Capital campaign dollar goals are gravely misunderstood. People think very often that the goals have something to do with how much money is needed, which is generally incorrect. There is no possibility you will raise what you really need. There is no fund from which to get money. There is only vision. There is only opportunity. So, what is the dollar goal? The goal is how much money you can raise, not how much money you need, and it is vital that you understand the distinction between these.

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Every institution has a philanthropic dynamic, a certain rhythm, and a certain support base, which will produce a certain amount of money. Every campaign should have a quiet phase ranging from a few months to two years in order to get a sense of how much money you can raise. During this time you will see how much impact your messages have, how many resources your donors have at this time, and how much they are willing to give to you. After this quiet period, you will be able to project fairly accurately how much money you can raise over the campaign period, which lasts typically between four and seven years. That projection is your campaign's dollar goal.

If you don't make your dollar goal, it is, of course, a disaster. But I am just as unimpressed by campaigns that make their goals two years early. That reflects bad management and an incorrect projection of capacity. If you set your goal based on capacity, and time it accurately, you should make your campaign goal approximately four to six months before the end of the campaign. Even a year before is too early, because momentum is quickly lost. People will work on goals as long as they are out there, because it is human nature to respond to deadlines.

What this Means for Libraries

You may think that the library suffers from not having any graduates and therefore no alumni. Another way of looking at it is that you have all the graduates, and they are all your alumni. This does not seem to be a common view. For example, I have observed that the library does not consider its former student-employees as alumni, which is a big mistake. Some of your very best prospects are the students who have worked in the library. They understand the library. They have a good feeling for it and, in fact, many had more connection to the library than they had to their departments.

You have to build human connection to the library. In fact, the big problem with electronic libraries—with multi-media in general—is a lack of human connection. Remember that there is always an agenda of possible great things to support at a university. Many of them are part of a potential donor's direct experience, such as scholarships. When you come forward with cutting-edge initiatives—for example, electronic libraries—you are competing against a list of things for which donors already have personal feelings. That is the reason new and unfamiliar initiatives, despite their obvious and accepted importance, almost never rise to the top of donor preferences.

If it is difficult to raise support for very modern directions from general donor populations because they don't understand these kinds of projects and have no personal connection to them, what is the alternative? It is to raise unrestricted funds for library directors, university presidents, and others. To do this requires developing the argument that you are trustworthy and know what is really needed for the library. The donors then give to you and to the library rather than to a project that seems impersonal and is unfamiliar. This is the most effective way I can think of for going in new directions. And unrestricted funds are not only useful for supporting the library, but also for recognizing donors.

Important Issues

Let me go over some of the issues that are important for you to think about as you build your fundraising program.

Build Relationships

The first one is relationships: Authentic, lasting, multi-generational relationships tied to the substance of what you are trying to do. This is a mandatory issue for libraries and, in fact, for every other part of university fundraising. To build relationships, you must have physical contact with your potential donors. They must come to your library. They must touch the walls, touch the people, touch the books, touch the computers. This contact is critical to building relationships, and no number of letters, brochures, phone calls, or videotapes will replace it.

You know that people want to feel good. Therefore, never surprise someone with a written proposal. You will never build a good relationship by flopping a proposal in front of somebody who is not prepared for it. That is not the way friends treat each other. Put your maximum effort into building the relationship with the library's friends.

Plan Strategically

Strategic planning is absolutely essential. You need to know where you are going. For each of your top individual prospects you should have a written, multi-year plan that is constantly being revised as you get to know the prospect better, and as circumstances change. You need to identify your group of top donors: Know their friends, their colleagues, and their foundations. They will warm up to you over time, but, once again, this is a long-term, multi-generational, relationship-building process. Your development officer's job is not to raise money. It is to construct these strategic plans, establish the relationships, and manage the interplay that will take place between the librarians, the volunteers, the president of the university, and the donors that will lead to closing the deal.

Know Your Prospects

Nobody gives you money because you need it. People want to make a difference, and that's what you have to offer. That is the objective you should have all the time. As George Bernard Shaw said: You get to a man through his religion, not yours. You really must know the person well, and you have to paint the picture that thrills her or him.

Maximize Donor Thrill

Speaking of thrill, never forget that donors want to tell their friends, children, parents, everybody they know how good they feel about their contributions. This is why your job is to maximize donor thrill. If you do that, and if you welcome your donors authentically and thank them to the point of redundancy (no one can be thanked too much), your fundraising program will propagate effectively.

The Outsider's Perspective

Viewing your fundraising program from inside the library or inside the university is a major mistake that virtually everyone makes. Every decision you make should be related to how you look from the outside. How does your donor population view your operation? Supporters want to see an integrated institutional picture. Even people with narrow interests want to think that, as they support your library, they are also supporting your university. So that is the picture that should be projected. Nourish multiple unit interests. You build much stronger relationships if people think they can support the library and the football team at the same time.

Achieve an Integrated Campus Mission

It is really important that advancement, both in the library and throughout the campus, be part of the culture of the institution. Trivial positioning of your advancement program is always immediately evident, and the people you are trying to bring in will see that they are on the edge of the organization. So, when you get people who want to support the library, you always want to transmit to them that they are supporting the campus as a whole. It's a much more powerful message. Once again, it goes back to the external view. Every president of every university should promote an integrated campus mission.

Set Minimums

Never accept a gift at the expense of the relationship. The relationship is much more important than a gift. Let me illustrate that idea with a story. I was trying to raise three and a half million dollars for a school program in Oakland, endowing high schools to send scholarship kids to UC-Berkeley. I went to San Francisco to a private donor, and he put half a million dollars into the program. Then I went to a foundation in Los Angeles. They put in half a million dollars. Next I went to a major corporation in Oakland that is known to fund schools, kids, the community, etc. They offered $30,000 for the program. If one of your major sponsors puts in $30,000 for a three and a half million dollar program, it is dead. No one else will support it; it lowers the bar down to the bottom. I told them I could not take that money: It would be embarrassing for them and would kill the program at the same time. They came to agree with me. So they asked, "How much?" I said, "A minimum of half a million dollars." That is what they gave.

Use Leverage Wisely

You must use your leverage strategically and shrewdly in order for it to be effective. Your leverage, of course, is your university's president and, sometimes, your major volunteers. Using them wisely means not overexposing or underexposing them. The president of a university can always raise more money from your best supporters than you can, because the president has bigger levers to play and can say things about your unit that you cannot say with credibility. For instance, the president can say that the library is the most important institution on the campus and vital to the future of the university. The president can also say things, for example, about the librarians—about the kind of job they do, their stature in the community, and their vision. So never underestimate the leverage of the president in raising money for the library if he or she is used strategically and powerfully.

Strategic Questions

Finally, there are a number of strategic questions that arise as advancement operations get more sophisticated and these need to be considered:

- There are too few donors out there, and they live too far apart; how do you work with those circumstances?
- How do you increase your prospect base?
- How do you steward donors and maintain their involvement?
- How do you serve your supporters around the country?
- How do you change your campus visibility, and what will that mean for advancement?

Conclusion

Developing a strategic direction, knowing when to leverage resources, and meeting dollar goals are successfully engaged when relationships have been developed and nurtured in the process of fundraising. Quite simply, laying out the groundwork before engaging in a campaign is a strategy that ensures a successful program.

(Applause)

MR. NEAL: Thank you, Dr. Mote. Are there any questions?

MR. LEE (University of Oklahoma): Congratulations, Dr. Mote, on your recent appointment. I thoroughly enjoyed your very thoughtful remarks. I agree with everything you said, and I hope that you carry out your promise that where you go, you will make libraries the most important element.

(Laughter.)

That makes our job so much easier. Without that, it becomes very difficult.

Then, as you know, there are many different people involved in fundraising on campus—not only the president and vice present, but people from different colleges as well. There are different layers, upward and sideways, so, in that environment, what is a good strategy so that horizontal and vertical walls can be erased? That's my first question.

My second question is that I have discovered that donors like to meet presidents. Donors like to meet library deans. They really do not want to meet fundraising officers. And, also, you are right in that if you are a national university with a large operations base, you obviously have greater opportunities. In raising money, I've discovered that it's much easier to sell buildings, or professorships, or student scholarships. But it's very difficult to sell the concept of book purchases. How do you make that attractive so that somebody will give you millions of dollars? I don't want $10,000. I refuse $10,000. I'd rather have a million dollars.

DR. MOTE: Let me comment on a couple of things. First, dealing with the layers question, there is a hierarchy in the process and in the strategic plan. There are very important responsibilities for all the players in this—the presidents, vice presidents, deans, development officers, and so on. Therefore, each person has to be used appropriately at their level.

So you can't bring the president out on every occasion; the president should not be asking for donations of less than a half million dollars. You can't devalue the power of the president's position. It's not the person. It's the position that you're talking about here. So the vice president for development should be in the ask business, I would guess, somewhere in the $150,000 to $500,000 range.

The vice president should not be asking for $50,000 gifts either—the vice president should be a first-class fundraiser, like the president. The second most important person ought to be the advancement vice president, who should be essentially like the president to the outside world if it really works well. So, in an ideal world, that person has a lot of status. Viewed from the outside, again, people react according to this status, and the levels of status are very apparent to the world. They need to be established so people know who they're dealing with; it's very hierarchial in this sense.

With regard to the walls in the institution—they develop in the following way. I'm a professor. My department has a fundraiser. We raise money for ourselves. We can't worry about the guys next door and so on. So the universities naturally partition themselves and that's why the walls have developed, because they come from the bottom up. The president of the institution has to say, we're not going to have any more walls. We're going to work together as an institution.

You need to have a central fundraising corps and a unit fundraising corps, and the president and the vice president have to establish an integrated program for the whole institution. Look around at places that do this and see how well they flourish. You know, facts are stubborn things. But, if you see how it works, then it works well. People can move in that direction. But it has to come from the top. I'm not sure that deans of the libraries or the librarians can make it happen, but they can raise the question to others above them who can make it happen. Actually, if the deans decide to do it, it will happen.

Once the picture is properly painted, people will go for it. By the way, it may be very appropriate to get a $10,000 gift. If you expected to get a million and the person gives you $10,000, that's the one you should say no to. But if you expected to get $5,000 and the person gives you $10,000, you should say thank you very much.

So once again, it's a strategic question. It depends on knowing your donor, knowing your circumstances.

With regard to fundraising for books and collections, you very often can build these around what will make a person happy, thanking a professor or their parents. You need to know your donors well, and then you can raise money.

MR. STAM (Syracuse): This question is an invitation to comment on the ethics of fundraising. I have a friend in the foundation world who says that when you enter the foundation business, you've had your last bad meal and your last honest conversation. I've learned from experience that, at most, only half of that statement is true.

Then I also had a boss who once said that what he disliked most about his job was kissing up to the rich, although he did it extremely well. My own dilemmas in the ethics of fundraising have often come from the pressures, mainly of project grants, of promising more than can be delivered. Could you comment on some of those problems?

DR. MOTE: Well, there are different kinds of fundraising—there are contracts and grants where you have deliverables, and those are, of course, governments, foundations, and so on. That's not the type of fundraising I was talking about today. I was talking about charitable gifts to an institution that you accept according to an agreement that you make with the donor. And these agreements normally do not have deliverables. Actually, to be a chartered gift, you can't have deliverables. That's what I was referring to today. Many times, in terms of contracts and grants, we get ourselves into situations where we over-commit because of the competitive spirit of the day. As far as dishonesty is concerned, I think it doesn't really have any great place in this whole business—you can't build a multi-generational lasting relationship if people don't trust you. Once you lose your credibility, you might as well forget it.

MR. TERRY (University of South Carolina): You briefly touched on the fact that libraries have no alumni. One of the things that libraries confront every day is the fact that our development officers are very developed, and they have formulas in terms of raising money. Basically, they have lists of alumni from various colleges for deans to cultivate.

We're told very often that we can't cultivate a person even though we know they're bookish or interested in special collections or conservation. This person might be a business graduate, but they could do much more for the library, the central part of the campus, as you said. Who is the person who says no? How do you deal with something like that?

DR. MOTE: Well, as I said, this talk was really about the things that happen before you start doing the how to's. It has to do with what kind of principles you will have for your institution's fundraising program. That's the whole purpose of this talk. One of those principles was to look at yourself from the outside and look at yourself from the point of view of the donor. That is the person you're trying to make happy. So all these decisions—who should be able to talk and in what order and so on—should be determined on that principle. Very often that principle does not—would not—lead to the conclusion you're describing. It's the vice president for advancement at South Carolina and the president who set out the initial conditions for the campus.

MR. TERRY: How do you do it?

DR. MOTE: Well, you just try to explain that they should rethink who they're trying to serve. Who are they trying to make happy? By the way, your situation is very common. In fact, it's probably the most common problem.

MR. NEAL: Thank you, Dr. Mote.

FUNDRAISING FOR THE DIGITAL ERA

Dr. Dwight F. Burlingame, Associate Executive Director,
Indiana University Center on Philanthropy

Thank you very much. I'm standing here actually between you and your break, so I will try to make this concise. And I can sort of summarize part of this in the sense of just saying the joy of giving, the joy of giving, the joy of giving.

So I will speak to the point by saying where is the wisdom we have lost? You might recognize that quote from Eliot, and I think it's an appropriate one as we think about the role of the academic library in the 21st Century, particularly as it relates to the theme of this conference, and that is virtual reality. Maybe the wisdom we have lost is actually out there someplace in virtual reality. When one begins to observe our surroundings, we will get a sense that, in fact, maybe that is true.

We are placing so much emphasis on the virtual and all the opportunities that the Internet provides us that we sometimes forget about the historical old age human relationships that we've heard a lot about this morning. Eliot's insights also remind me that it is partial madness to try to predict what's going to happen in the 21st Century. However, I feel somewhat compelled to venture into that kind of madness, because it can be good for the spirit.

Will this global network that we now have in place change how we go about doing fund raising? I thought a lot about that, and I want to just briefly say that, no, I don't think that it will change much, but it will change somewhat. And we will need to develop certain aspects of what we do to raise funds to a greater degree than we've done in the past.

As we think about libraries in the 21st Century, we can't help but recognize that we have this additional resource and we must ask how to use the digital library in terms of the overall fund raising process for the library. I think we do that in two ways. One is, we will seek funds for the virtual library. In other words, all of this will allow us another opportunity to demonstrate to potential funders or donors that there's a reason to be supporting the library as we know it.

Virtual libraries will provide the electronic access to our collections and create the opportunity for many more patrons to interact with us. I see this as a possibility for us to develop a larger group of potential funders. Yet we will continue to rely on rapidly changing technology to get the information needed in today's research environment to our constituents.

Another reason the digital library will change our fund raising strategies is the number of people who are interacting with the library by distance. How are we going to view those people, with whom we don't have personal relationships with, as potential donors? This leads me to another point: We will use the Internet to communicate the libraries' message. The library is as well positioned to build support for the mission of the library by using the Internet.

We may even use the Internet to solicit patrons, although I think that's going to be down the line. Some people are doing that now. In Indiana, as you probably know, one of our candidates for senator has opened up an Internet site for solicitation. He's collected $250 so far. (Laughter.)

But there are other examples. More importantly, the Internet allows us to provide information about our services, about the need that we're serving in society.

The are several other ways we can look at that need. With the increased visibility which is offered by the Web, we really need to consider how we can use this technology, not only in terms of the effects on services that we provide users, but also how technology affects resources we acquire for the library.

I think that successful library interaction with students will allow us to have the basis on which we can engage former students in fund raising for the library. So when you have an opportunity for someone to give to your institution, they will already know *why* they're giving. And that's always, of course, the precursor for gift giving. One idea I want to suggest in this regard is that libraries can play an important role as a connector between non-profits and foundations by serving as the regional Web site of philanthropy to connect givers with non-profit organizations that address those things that the donors believe in. If you did that on your webpage, that has a lot of potential for support and would be providing a service which would again show that libraries are important players in 21st century virtual reality.

The leadership required for library fund raising differs from that of other non-profits. In private fund raising, you rely upon volunteer leadership, you build a campaign structure. You also have a board of directors who become an integral part in the fund raising program.

You don't have that in libraries that are nested within universities to the degree that you would typically have in other non-profits. Instead, you rely upon the librarian. In many cases it's your job to become the major player in terms of the asking and solicitation of gifts, rather than a volunteer group.

There is a general perception out there that libraries don't fair well in capital campaigns because of internal competition within universities. I think that's only antidotal evidence. If we really examine the history of fund raising for libraries since the establishment of Harvard Library in the 1600's, I think we'll find that, in fact, that's not true. Libraries actually fair quite well. And we'll be hearing more about that this afternoon in terms of your conversations on examples among university libraries and research libraries.

I also wanted to take the opportunity today to commend your cooperation with researchers who are doing work on the role of libraries and fundraising, in particular Jennifer Postenbau who is from Oklahoma State, their director of development, who is working on a Ph.D. at Indiana University on the role of libraries in capital campaigns in university settings.

Certain fund raising principles will be more important for the digital library. One is a clear mission statement that articulates why the library exists and what needs it meets in society. You're not going to try to raise funds for—well, we need to convert the collection or we need to preserve "X." That's not the need that you're going to communicate to the donor.

You want to communicate to the potential donor why that kind of activity is important. What need is being met in society when that is done? Number two is knowing what services and collections make the library distinctive and special. We sometimes hide those kinds of things, and I'm just emphasizing that this is going to become more important as the competition becomes greater. Number three is knowing what is of interest to the researcher and student of today, and what is likely to be of interest in the future. This is where the long term approach is very important. We can no longer rely upon the good old personal interaction that we've had in terms of our existing donors.

We have to look to the experts in the younger generation, because over the long term they are going to become old. And in that process, we need to be sure they identify with the library. In all likelihood, they're going to have a greater sensitivity and interaction with the new communication tools that we use. Having the right people to carry out the fund raising function is evident.

Here, I want to emphasize the importance of the commitment of senior library and campus leadership. You've already heard that commitment on the part of our previous speaker. I quite agree that the role of the development officer within a library is to manage the process and to provide the opportunities for your donors and potential donors to interact with you and your ideas for the library. And, in fact, it is a lot of fun, and I think anyone who has done fund raising to any great degree would say that it's a lot of fun.

PROGRAM SESSION II
THE IMPACT OF PUBLISHER MERGERS

INTRODUCTION

Elaine Sloan, Chair
ARL Scholarly Communication Committee

I'm very pleased to introduce our speaker, Mark J. McCabe, formerly an economist with the Anti-Trust Division of the Department of Justice and now an assistant professor at the Georgia Institute of Technology.

Mark was at the DOJ when the proposed Reed-Elsevier/Wolters-Kluwer merger was announced last Fall. At the urging of the DOJ attorney in charge of the investigation, Mark set out to develop a new model for evaluating the impact of publisher mergers in the marketplace. He and his two colleagues, Renata Hesse and Aaron Hoke, spoke to a lot of you or to your staff last Fall and Winter in an attempt to understand research libraries as a market for scholarly journals.

Mark has an A.B. from Brown and an M.S. and Ph.D. in Economics from MIT. He worked for the Department of Justice for seven years before joining Georgia Institute of Technology this Summer. This morning, he will explore with us the work that he has done on publisher mergers thus far, providing the nuances and the details that could not be conveyed in the brief report that was provided in your packets (The Impact of Publisher Mergers on Journal Prices: A Preliminary Report, September 1998, <http://www.arl.org/newsltr/200/mccabe.html>).

As you know, we will have time for a few questions at the end of this presentation, and Mark will join us in the afternoon for the focused discussions. It's my pleasure to introduce Mark McCabe.

(Applause.)

THE IMPACT OF PUBLISHER MERGERS

Mark J. McCabe, Assistant Professor of Economics
Georgia Institute of Technology

Economists, as you know, like interesting data sets, and if you don't have a belief and a cause, you can certainly believe in interesting data sets. But I think I have both here, and my legal colleagues certainly helped convince me of this. Nevertheless, it is important to objectively evaluate the data, and report what we discovered.

Now, this happens to be a financial sheet from Elsevier's Web page (see slide 4). It could be most any U.S. company in the last seven or eight years. You see increases over time in profits, sales, margins, cash flow and so forth. This by itself is not a sign of anything amiss. If we're thinking of computer companies, for example, Dell Computers financial highlights are much bolder than this, growing at exponential rates rather than tailing off. Yet, we attribute that to lower costs and improved market share, not to higher prices. On the other hand, if we see these same facts associated with a company called Microsoft (where choice is more of an issue than it is with Dell where you can buy different PC's), we would raise questions about those facts, and, of course, the Justice Department is doing that right now. Microsoft is currently being investigated.

Let me also emphasize that economists do things in a very special way, different than other groups. We build simple models, just like physicists build simple models of the atom, and the facts may not all be explained by those models, but they're a first step.

About 100 years ago, the Sherman Act was passed which dealt with anti-trust questions. During the subsequent century, the process has evolved considerably. In the last 20 years an automatic process has developed for mergers of certain sizes. Typically, a merger transaction above 20 million dollars will require certain documents to be submitted by the companies to the government. Perhaps for every 100 or so transactions, the government looks closely at one.

Once a big enough deal in an industry occurs, usually the agency responsible for that area (either the Federal Trade Commission or the Department of Justice) will continue to look at subsequent deals. So in some sense, the Reed-Elsevier/Wolters-Kluwer proposed transaction has raised the consciousness of the government. This is important even if the government's investigation was cut short when the companies decided not to merge. It has still raised the consciousness of the regulatory authorities both here and across the Atlantic.

This automatic process owes its origins to legislation named after after three members of Congress (Hart, Scott and Rodino). It generates numerous documents. It's also the bane of most attorneys on both sides of the production. Economists sit back and look at selected documents, but the lawyers for both sides have to generate and review boxes and boxes of documents. Some transactions generate so many boxes that the FTC and Justice will rent thousands of square feet of warehouse space in Maryland or Virginia.

Reed-Elsevier/Wolters-Kluwer, I think I can say, progressed to this stage in the process. The other way that investigations of this sort can occur, of course, is due to bad acts or alleged bad acts. Microsoft is not a merger case, rather it's about bad acts that the government alleges. These cases are usually done proactively by the Justice Department or the FTC. So even if you haven't bought another company to become big, you can grow big through many practices, tying the browser to the operating system, for example. Let me also add that Microsoft is not the only example of this type of case. There are plenty of examples, including the recently announced VISA case.

The Hart-Scott-Rudino process is described in the merger guidelines, <http://www.usdoj.gov/public/guidelines/horiz_book/hmg1.html>. It's a fairly rigid process and typically proceeds along this path (see slide 3). The courts have asked the government to lay out well-defined principles so that companies know what they're facing, essentially, the law, the lay of the land. There are four steps: market definition, market shares, competitive effects, and entries and efficiencies.

A good example of market definition can be gleaned from a case recently before the FTC involving Office Depot and Staples. The question in that case was, is the market simply office superstores or is it every store that sells office equipment? And the answer to that question turns on the following principle.

If you had a merger of all the office superstore companies, so that you had one superstore firm and it raised prices five percent, would this action be profitable? Often, economists can look at the data and decide yes or no on that. Furthermore, we speak with customers (with librarians in the case of journals) and we ask, if the single monopoly firm raised its prices five percent, what would you do? And in many cases, the answer is not much.

If the answer to the question in the case of the super stores is, well, the hypothetical monopoly can't profitably raise prices five percent, then you have to expand the market definition. Of course, parties to a merger hope to define markets as wide as possible, because then their merger won't control a very large share of of the market. In the case of superstores, the FTC determined that a monopoly superstore firm could profitably raise its prices and designated only superstores as the market.

And that leads me to the second step, market shares. Okay. You've defined the market as super stores. How much of a share do the merging companies have of that market? In the case of journals, the anwser to this question will depend on the discipline. With respect to Reed-Elsevier/Wolters-Kluwer deal, the U.S. was interested in STM titles while the Europeans were concerned with other areas, particularly legal publishing in Europe.

Here in the US, I think the answer for journals in some areas was something on the order of 40 to 50 percent. That certainly passes muster for our threshold for market share. But what is this market share threshold and where does it come from? If you read the merger guidelines they have some very simple rules. Generally speaking, the combined share of the merging companies needs to exceed 30 percent of the market for their merger to receive serious attention.

And if a 35 percent company is merging with a 2 percent company, that probably isn't an issue. But if it's 35 plus 10, then we're talking interest from the anti-trust agencies. As I'm going to discuss later, this is our problem with journals. What's the market? Individual titles, all titles in a discipline or a large portfolio of titles across multiple fields? What market share is important? Is a different frame work needed, a different paradigm?

Third point, competitive effects. Once you have defined the market, and identified market shares, what is the likely impact of the merger?

Generally, if prices are expected to increase at all, the agencies will express serious concerns about the transaction. However, these potential anti-competitive effects need to be balanced against potential efficiencies, which is point four. If costs go down enough, even if prices increase, then on net, the merger might be beneficial. That's usually a very tough threshold to meet because although it is easy for companies to claim great efficiencies, improvements and so forth, it is hard to prove. Often, many of these claims don't pan out. Many mergers fall apart precisely because the projected efficiencies aren't realized.

Turning now to entry and other issues. In most industries when you raise prices, new companies enter. In journals, if you're the editor of the *American Economic Review* or *Brain Research*, you're not really too concerned about new entry, at least in the short term—where I mean the short term as probably 10 to 15 years. Normally, in Justice Department terms, it's two years. You're probably not concerned about a new journal launched because you raised your price on *Brain Research*.

That's an explanation of the structure we use—the steps that we go through when we look at mergers. Of course, 'bad acts' investigations don't involve mergers, and, therefore, are subject to different standards, but the spirit is pretty much the same.

Now, on the four points that I've described, market definition, market shares, competitive effects, entry and efficiencies, I'm going to describe briefly the evidence we have about this particular market for journals.

One of the most enjoyable things in an anti-trust investigation—or at least from our point of view—is talking to companies and talking to buyers to find out what the market is. We're not supposed to reveal who we talked with. Let's just say we talked to as many people as possible. And what have we learned from that? Well, we posed this question, what is the market?

Again, my initial skepticism. An economist will look at journals based on her own personal use. She will say an article in her field journal can't be a substitute for an article in a general economics title, e.g. the *American Economics Review*, much less a journal in another field. So, therefore, the market must be the individual title. That's the premise. That's the sort of prior belief an economist would have.

But then you talk to people, and the people buying most of these journals—particularly the more expensive ones—are librarians. They don't buy journals that way. They do have customers. They act as an agent. But ultimately, they're making decisions based on the collective, depending on how big that collective is. It can be as wide as all of bio-medicine or as narrow, in some cases, as economics titles. It differs from library to library.

When the Wolters-Kluwer/Reed-Elsevier merger fell apart, there were other deals also pending, involving biomedical titles. [It is rather unusual for a company, in this case Wolters Kluwer, to be involved in several contemporaneous transactions.]

In this case, since the Reed-Elsevier/Wolters-Kluwer deal had fallen apart, the existence of these other cases allowed us to continue investigating. We learned a lot about market definition, and arrived at some tentative conclusions, ones that can be tested empirically: that the market is certainly broader than an individual title but it's not the entire universe of journals. Libraries tend to simultaneously purchase titles across broadly defined fields, e.g. physical science and/or engineering, etc. In looking at mergers that encompassed medical journals, the medical libraries told us—almost without exception—that the market was everything they bought.

That market was bio-medicine defined very broadly, and it includes more than clinical journals. When you think of the market this way, and using the available sample of libraries, we found that current subscriptions to bio-medical journals were about 20% Reed-Elsevier, 20% Harcourt, 11% Wolters-Kluwer, and 5 or 6% Waverly.

Now, in considering competitive effects, economists build models. They look at data. They test the data against the models. Ideally, you'd like to have a model which generates predictions that you can test. And to some extent, we've made some progress along those lines.

Now, earlier when I was talking about market definition, I focused on the customer—how big the market would have to be before you could raise prices five percent, or how small it could be. The subsequent analysis is looking at the actual companies who sell in that market, what the concentration is and how they would behave vis a vis each other. Therefore, my focus will be on the demand side first as well as on the companies.

Before I go to our evidence, let me just talk for a moment about some alternative explanations for the observed price inflation. Depending on who you listen to, price inflation is anywhere from 50 percent to 200 percent in the last 10 years. Cost increases could be generating these price increases. There's a fair amount of skepticism about that, needless to say.

As far as I can tell, based on what's publicly available, cost increases don't begin to account for the price increases. [And I should also add that if mergers result in cost efficiencies, then the prices of the affected titles may actually decline, all else equal. Economic theory tells us that lower costs translates into lower prices, even for a monopoly.]

In the early 1990's, Stanford professor Roger Noll began working with a group which included Nobel Prize winning economist George Stigler. The group began looking at journals with great interest. When George Stigler died, I believe the project went into a sort of hibernation, but what they asserted and what they tried to test was this following notion: That producing a journal involves both fixed and marginal costs. Typically, the first issue costs are quite significant.

Obviously, the marginal cost is two or three dollars to send a print journal, or electronically zero. But you need a certain number of subscribers to cover fixed costs. For any level of fixed costs you can calculate the number of subscribers necessary to recover these costs, given a title's price. If your circulation goes down because other people are entering the industry in your particular field, then your circulation goes down at that price and you need to raise your price to cover your costs.

That's the notion Noll had of what could possibly be going on here in terms of prices. That is, proliferation of journals for bad or good reasons could be raising prices. And, of course, what buyers did about the proliferation of journals has a lot to say about what you do about that problem. A lot more work has to be done in that area as well. But the interesting thing here is that even when you try to do that kind of analysis, there's still a significant price inflation that you observe. Taking into account the possibility that a decline in circulation has contributed to price increases, you still find very large price increases.

So there we were in February saying, okay, what's an alternative explanation?

[I mentioned that economists play an increasingly important role in anti-trust investigations, not to the diminution of the attorney's role. It's simply that both are important now. And 25 years ago, there was no Hart-Scott-Rodino Act, and there were essentially no economists working on these matters. Now computers and the availability of large databases have made a huge change in the way economics is done, also affecting the way anti-trust investigations are done.]

Now we do something called simulation. This is not so much a simulation as a simple model, you put some parameters in the model, and you come up with some results. This is a story, not to be taken literally, but as a first step.

You will see what the simplifying assumptions are (see slide 6), and that there's plenty of opportunity to build upon this to make it more realistic. And if nothing else, I can say that in my field, which is industrial organization, the realism has increased tremendously in the last 10 years.

Suppose you had five publishers. They all have one title each. We're going to ignore their costs, because they all have identical costs, and it doesn't matter in the analysis. The journals these companies own vary in quality, some high, some low.

There are two types of library budgets out there, big and small. I should add that I've built models with more than simply big and small budgets, but for the time being, the simple version will serve the purpose. I have also learned that the budgets of the nation's libraries do vary more than this. There are more libraries with small budgets than with big budgets. That's probably true statistically.

Purchasing decisions are based on price and usage. This is an assumption, something that I'm going to talk about along with what the holdings of universities over time reveal about that assumption. The library market attempts to minimize the cost per use. A library may have a budget of a million dollars. They rank their journals, cost per use. When they reach the million dollars, they see what the cost per use is, and they cut all the journals above that point. This is something libraries are actually doing at some institutions. And even if they weren't doing that literally, an economist is happy if people act as if they are.

(Laughter.)

And what I mean by happy is, it's not that you literally have to have a calculus for every journal based on collection usage, which is, of course, a great way to do it. Knowing your customers here--in the case of libraries, knowing their students and the faculty—is an excellent idea. It helps make more efficient decisions, but there's a cost to collecting that data. But I think as librarians, and even as economists, we know which journals have the highest value.

Although most faculty don't know how much the journal costs—they don't pay attention to that--they do know the value. You are, certainly, cognizant of the price. So you could probably take a group of 100 journals and rank them without looking at the numbers and do a pretty good job of determining which ones you would cut if you had constraints on your budget.

Given this library behavior as the demand side, commercial publishers are interested in maximizing their profits. Non-profits aren't in this particular model. They may just try to cover cost. They may try to do more than that, but they certainly have different incentives than the commercial publishers.

In the data sample I'm going to show you, of the 1,387 Institute for Scientific Information (ISI) ranked biomedical journals, perhaps 160 are non-profits. I can also tell you that the cost per use is much different for these latter titles, compared to those that are sold commercially. Of course, the variation within the commercials are high as well, as is the variation within the non-profits.

So publishers try to maximize profits given the way they think libraries behave. When a library cuts a journal, of course, they are still asked occasionally, maybe more than occasionally, to find articles from those journals via interlibrary loan. Here, I'm assuming that all libraries engage in this activity and that the cost is pretty much the same across libraries.

Libraries make their price usage decision by looking at their budgets and the cost of inter-library loan. Based on that demand side, the publishers have to choose who they're going to market to and what price they're going to set when they fit into that market. They can choose to sell to everyone, but then they have to have a low price. If they choose to sell to a more select group of universities, they set a higher price. And there are further differentiations here. Very high quality journals may be very narrow in their interests, and in some sense divide the market further.

So how do publishers make their marketing and pricing decisions (see slide 7)? The way economists see these models, there's a sense that there are two periods here. They decide who they're going to sell to. Then, they set the price. We solve these problems backwards.

Which market do I want to choose to sell to? It's a strategic question, and we solve it backwards. So you're sort of like a chess player. What you do in a last move determines what you do today. We solve the last move first, then we solve today's move.

There are two simple equations here. Clearly, all the journal publishers know that your budget is some value, and the prices they charge can't be more than the sum of your budget. That's a simple, intuitive thing. They take that into account in some general way. The second equation, equation 2, talks about how the firms compete with each other. And here I've set up a situation where you have a ratio of the price of the first journal divided by the quality of the first journal. From an empirical point of view, we proxy quality by the number of citations.

The firms take these ratios, compare them with each other, and ultimately, in this model, at least, they set them equal to other journals for that given niche in the library budget world.

Economists will ask these questions. Suppose I'm the first firm here with a high quality journal and I raise the price of my journal. If equation one is already satisfied, meaning that the budget is exhausted by the journals in that market, and if I raise the price, I'm going to get canceled. The library can't afford me. I'm not worth it in terms of cost per use.

If I lower my price on the other hand, I don't get any more subscription sales, because most libraries buy one copy of a journal. So I don't gain anything. So I stay at that "price per quality" ratio. The question is, what is that ratio? Is it .4 or .8? And in a world where you have many, many budgets, you have many, many costs per use numbers, and that's how you generate the varying values of cost per use for journals.

So those are the two things in this model that the publishers do when they set their prices.

The question is, can we find situations where firms will find a library budget niche which they won't want to defect or cheat on because they don't want to change their customer bases in the next period. And if we can find such an outcome we have what economists describe as an equilibrium.

In this particular case with five journals, five independent companies, and varying use value I have put together a table of the prices, cost per use, and profits for the companies (see slide 8 and 9). Notice that the journal with use value six charges the highest price, but their profits are low relative to the first three quality journals. This is because they're selling to a smaller market, just the large libraries. In this particular case, the three highest quality journals are selling to every one, the two lowest qualities sell just to the big budget customers. I can demonstrate to you that no one wants to change what they've chosen here. They're happy in terms of profits, given their quality, given the number of libraries and so forth.

The next question in these simulations is what happens when a merger takes place? And this is something we weren't doing 10 years ago, even 5 years ago very much.

It's becoming more and more sophisticated. Suppose a merger takes place between the companies that own value 12 and value 8 journals. Can this increase profits? What's the logic here? Normally, when you merge two products with two companies, you raise prices. Suppose they're differentiated products? Suppose Burger King buys McDonald's?

Some people have a strong preference for McDonald's. Some people have a strong preference for Burger King. After the merger, they raise the price on Burger King products more than they do on McDonald's products. McDonald's franchises will benefit to a certain extent because some people who were buying at Burger King get diverted to McDonald's.

We call this the diversion ratio. In the same context here, if the new company, the merged company, who owns the journal with use value 12 raises the price on the journal with use value 8 more than 12, when 8 gets cut, 12 benefits, because now it's competing against a lesser group of journals and in turn can raise its price. That's the intuition. So it turns out that in this particular case with these parameters that a merged company raises the prices on 8 quite a bit.

Again, for realism sake, this is more than a couple hundred percent, but that's not important here. The journal with the use value of 6 lowers its price and decides to sell to everyone; 8 and 4 now sell just to the largest libraries. If you look at the profits associated with 12 and 8, 12 is plus 57 and 8 has gone down 33. You add the two together, and you have a positive change.

It's profitable in this model to buy another journal, raise the price on it so that some circulation losses are suffered. But the first journal, the higher quality one, benefits. In some sense, now it's competing just with 10, but now 8 has been replaced by 6. Six is lower quality and in some sense, higher costs. If you're competing with a higher cost firm, you can raise your price. So that's the model. There are, however, different models.

One of my colleagues has just worked on a slightly different model in the same spirit. You can add budget classes and add journals to make the results more realistic.

Now, perhaps the most enjoyable aspect is the empirical part of the data. This table shows you ISI medical journal titles from major commercial publishers (see slide 10).

The National Library of Medicine has a tremendous database called SERHOLD. It's centralized so that everyone's serial holdings are in the same format. Format is the key here. We also received tremendous amounts of information from non-medical libraries. Processing multiple formats is a slower process than processing a single format. But since the investigation shifted, we focused on medical titles. I've done some analysis in the last month or so since I moved to Atlanta. What I've done on this table is indicate to you that from the 200 libraries, we found 82 for the period 1988–1998 that had perfect data sets essentially. Almost all the records were readable in a single format.

And if you look at the libraries we looked at, they were more or less a representative sample of the 200 which, in turn, was a sample that was representative of the larger medical library population. The commercial titles held in those 82 libraries were compared to the titles that are ISI ranked. And the average journal publisher representation was about 79 percent. In other words, on average, 79 percent of the ranked journals published by the major commercial publishers were represented in the actual holdings of the libraries in this table. I've underlined the name of four companies in this table who have, in the past year, been involved in mergers with other companies on the list. This list has now gone from 12 to 8. So as we speak, the number of companies is declining.

I also have a note at the bottom indicating to you how many titles we're looking at; the 932 titles we looked at constitute roughly three-quarters of the total population of ISI-ranked commercial, biomedical titles. You might ask yourself, what about all other titles that aren't ranked by ISI? That's a much larger population. We don't have information about their quality, and it's important to have that information to conduct a comprehesive analysis of the remaining 10,000 journals out there.

In this next table (see slide 11) we are looking at the shares for commercial publishers in these same 82 medical libraries. Of those 937 journals that are represented in the libraries, we can divide them into groups held, added and canceled. Held means the journal was held the entire period from 1988 to 1998. Canceled means it was canceled some time during that period, added indicates the converse.

And if you look, for example, at all of the subscriptions that were canceled, 28 percent were Elsevier titles. Twenty-four percent of those added were Elsevier titles, and the held subscriptions is about 20 percent. So clearly, they're losing some share by doing what they do. That's what a monopolist does, though. They raise their price. They lose sales. That's consistent.

You see a company like Waverly, which is part of the transaction with Wolters-Kluwer, and their cancel rate is much smaller than their add rate, and they're growing. Harcourt, for example, has far fewer potential titles to add. If you look on the previous sheet at how many titles exist for people to potentially buy, they're still growing as fast or faster than Elsevier in absolute numbers because their prices—as you will see in the next table—aren't quite as out of sync with quality.

This next slide (see slide 12) presents relative prices, relative citation rates on average, and then dollars per citation. Note that the dollars per cite are not calculated by taking the first column and dividing by the second column; rather, dollars per cite are calculated per title and then averaged. The results of the two approaches are not equivalent

The average price per cancelled title is about $1,000 (at the bottom of the table). For Elsevier it is about $1,800 on average for the canceled titles. Their added titles cost $994. The average cost of a title that's held is $1,334. Look at the variation in quality for Elsevier. Those that are being canceled seemed to be higher in quality but relatively higher in price as well. So the cost per use is higher for those titles. And held titles are lower in dollars per citation and much higher in quality.

But a journal by Waverly, which is a tremendous deal compared to those by Elsevier, on average is equivalent if not higher in quality. The difference is $1,800 versus $263, for example, for the canceled journals.

This table (see slide 13) offers preliminary answers to the question I posed at the beginning, specifically, how do libraries make these decisions? This table tries to summarize in a careful way what libraries did in a given year in relation to journal cancellations and additions. So for the held titles, you see the average price, the citation, and the average cost per use. You would hope that if people were doing things on a cost per use basis, they would cancel titles with the higher cost per use. The next line indicates yes, it's more than two times as large. These journals are more expensive, and they have lower citation rates. They're not as valuable to the institution. The added titles have a lower cost per use than the canceled titles, very similar quality and about a 33 percent lower price. This is what's happening over 10 years for 82 medical libraries, from big to small, small to big. You can see at the bottom, there's 8,000 titles that we looked at that were held and another 3,000 that were canceled and added.

Economists use regression analysis to explain prices as a function of various independent factors. Thus, the measured effects are independent of each other. We adopted a reduced form or hedonic method of estimation, where prices are regressed on several factors: Firm portfolio size, journal quality (measured by ISI citation level), a Brandon-Hill dummy (the Brandon-Hill journal list indicates essentially whether a journal is a specialized title, and is thus an exogenous measure of circulation "potential"), and a number of variables that capture the effects of residual price inflation and idiosyncratic firm-specific effects. Briefly, our results for journals sold by commercial publishers indicate that prices are indeed positively related to firm portfolio size, and that mergers result in significant price increases.

We can ask, "If portfolio size increases a certain amount, what's the effect on price controlling for all the other things?" That's what we are trying to determine.

One last thing about this model. We've simulated price increases due to the merger but people are still spending the same amount of money as they were before on journals. What's changed, the bad effect, something the economist would focus on would be that the average quality of holdings has declined. Everyone's buying the journal with a use factor of six. They weren't buying it before. They were buying eight before, and now their quality has gone down. Certainly, you can also have different effects besides that, but that was one important one.

As to the future (see slide 14), anti-trust policies are always in flux just because the economy is always in flux. And the merger guidelines which I referred to earlier that are on the Justice Department Webpage have changed as well over the last 15 or 20 years. In fact, I don't think merger guidelines existed before the early 1980's.

So we've made progress in a lot of ways. But because it's in flux it means it can change, and it can change to accommodate different circumstances. The most general guideline can't take into account every specific case. We have specific guidelines and not just general ones. We have guidelines for health care, and we have guidelines for intellectual property.

It's not inconceivable that you would be able to develop guidelines for electronic information or publishing. And if not that, you could achieve greater awareness on these issues and how publishing is different. The merger guidelines have two shortcomings. I've discussed them already. One is the market definition. What is the market, is it titles or portfolios? I think I've demonstrated that journal markets should be defined broadly, and that the precise portfolio definition will depend on the context.

One major obstacle to change is convincing judges who went to what some refer to as judge school. That means they trained in economics for two days when they became judges 25 years ago. And things changed quickly. The other fact about the anti-trust system in this country—it has its strength and its weaknesses—is that a typical federal judge would see one or two anti-trust cases in their lifetime. So they get their first anti-trust and it's often their last, and it's hard for them to understand what's going on.

It's incumbent on the parties—whether it's the government or the other side—to educate the judge, and believe me, they do try. The second shortcoming of the guidelines is their presumption that competitive effects will arise only if market shares are substantial. I think we can show, at least at this point, that companies with relatively small market shares have a big impact on prices when they merge, just because the libraries want to buy everything. Small market shares can mean large price increases. What can be done? As I just mentioned, formulation of industry specific guidelines are key. That's one direction. You can also initiate bad acts or other non-merger investigations.

Immunity. Companies will come to the Justice Department and say, we want to form this joint venture. You can imagine buyers getting together and getting immunity to do certain things. This requires additional support, not just economic, but legal. There are a lot of data questions and data assistance that I could use and my colleagues could use in furthering this agenda. I'll leave it at that and entertain questions.

(Applause.)

MR. NEAL (Johns Hopkins): I wanted to cite a phenomenon and how it might influence your model. At Project Muse at Johns Hopkins, where we're making 45 journals available electronically, we've noted a very different decision process going on in terms of how libraries choose to subscribe to that database.

Over 90 percent of the libraries subscribing to Project Muse subscribe to all 45 journals through the electronic version. But we've analyzed subscribing libraries in terms of how they behaved with the print counterparts of those journals. We have found that nearly 60 percent of them did not subscribe to any of the print titles and none subscribed to all of the print titles.

So we're seeing decisions being made not on the basis of a title by title analysis, at least at this point, but buying packages of journals. I suspect that we'll see similar patterns developing in medical journal literature as well. Could you react to that?

DR. McCABE: What's the pricing scheme you have for the 45 journals?

MR. NEAL: There's a package pricing scheme, but individuals can also subscribe to individual titles within the electronic version.

DR. McCABE: Is it encouraged by the pricing to buy all 45?

MR. NEAL: It's not really a significant difference. The total package is just over $3,000 for all 45 titles, unlike some of the titles you were describing here.

DR. McCABE: There could be issues like, for example, libraries have physical space constraints. The pricing is another issue. And also, I don't know how this fits in with the rest of the library's holdings.

MR. NEAL: What I'm suggesting is that we may be seeing a different decision making model for purchasing journals.

DR. McCABE: Absolutely. And it's very interesting to see whether companies have bundled packages for pricing. This is something we couldn't find much evidence for in the print version of electronic publications. That will demand a different analysis, but I think in spirit it would be the same.

MR. GRAHAM (Syracuse): In your discussion of the model, you talked about the idea of the finite budget of the libraries. Library buying is somewhat different from commercial buying as you described. One of the ways it's different is in the publisher's minds, at least. They see that budget as being expandable. And they have their flags out there lobbying the government and universities to increase the budget that's available specifically for this purpose. Does that make any difference to the model?

DR. McCABE: The next step in the model building is to relax the assumptions and see what it does. I would suspect that it's a game again. Who acts first and who responds? It's a little bit of both probably. I don't have the answer to your question, but it's something I'm thinking about. It's clearly important.

Budgets are expandable at five to six percent in some years and 10 percent in others. The question is, how much of that is due to anticipated price increases and how much of it is due to interest or willingness to expand the holdings. I think the publishers have definitely exploited the environment to prevent you from doing the latter. So it's all about expectations and how you build them into the model.

MR. OAKLEY (Georgetown): I was involved in the issues related to the West Thomson merger, and my question is that it seems as though a lot of what is needed is to educate judges. And one of the ways that is done is through the merger guidelines that are in existence at the Department of Justice.

And so, it would seem important for your model's validity to incorporate some of these new ideas—such as the portfolio rather than the title concept—into the Department of Justice guidelines. Is there any movement to do that now and, if not, is there something we can do to make that happen?

DR. McCABE: The answer to the first question is I don't know. The answer to the second question is yes, of course. And to elaborate, I was at the Department of Justice long enough to see changes in guidelines and to see the spawning of new guidelines. And it's generally created by a realization that the existing guidelines don't do it.

The government is spending too much time trying to explain away—how should I say this—deviations from the existing guidelines. Investigations are getting killed because the specifics of a case does not satisfy the merger guidelines. One objective might be to frequently raise this issue with the government and encourage changes in the guidelines or at least their interpretation.

Even if you don't change the guidelines, you can get a case, and one case can create a precedent. That is the benefit of going to court, although critics always say going to court is costly and it's a signal of war. So there are different ways here. One is the merger guidelines. One is to go to court.

MS. KAUFMAN (University of Tennessee): As a community, we've been told over the years that there was very little that we could do legally to act as a community of buyers strategically. I'm very intrigued with the idea of anti-trust immunity for our community as buyers. Could you speculate a little bit on what might be allowable and what might not?

DR. McCABE: Well, let me use this example. There are similarities, excuse the analogy, between nuclear power and libraries.

(Laughter.)

DR. McCABE: Nuclear power was an industry and is still an industry with grave difficulties. And based on what I have seen, libraries' budgets are in grave danger as well. And grave situations demand important solutions, solutions that go outside the bounds. So the Department of Justice gave the nuclear power companies, the General Electric of the world, a blank slate to collude, if you will, with Westinghouse and other vendors of equipment.

If the argument can be made, and I think it can be here, the prospects are reasonable. So it ultimately depends on who your counsel is and who you're facing. Experienced anti-trust people even know what day of the year to file their cases, because it maximizes the likelihood of getting it through. If you're not in a hurry, you can accomplish something here.

MS. SLOAN: Thank you very much, Dr. McCabe.

(Applause.)

Slide 1

The Impact of Publisher Mergers on Journal Prices: A Preliminary Report

Mark J. McCabe
Assistant Professor of Economics
Georgia Institute of Technology
October 1998

Slide 2

An Outline for Today's Discussion

Antitrust and the publishing industry

- How did they meet?
- Terms of engagement?
- THE EVIDENCE (so far)
- Do they have a future together?

Slide 3

The Meeting

- Growth via merger generates automatic scrutiny.
- Alleged bad acts, esp. by very large firms, *may* prompt scrutiny.
- Mergers of Thomson/West, Reed-Elsevier/Wolters-Kluwer, etc. fall into the first category.

The Terms

- Investigations of mergers *typically* proceed along a fairly standard path, as described in the Merger Guidelines.[1]
- Four Steps:
  1. Market Definition
  2. Market Shares
  3. Competitive Effects
  4. Entry/Efficiencies

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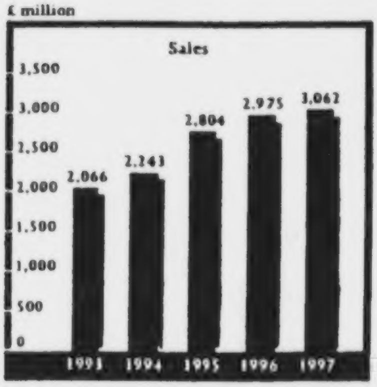
1. Go to http://www.usdoj.gov/atr/public/guidelines/horiz_book/hmg1.html

Slide 4

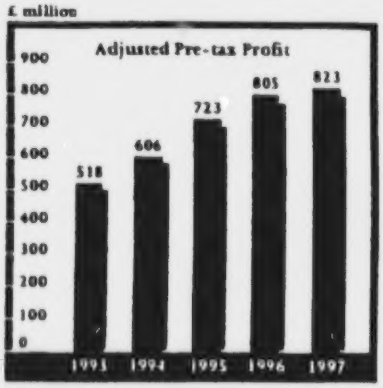
FINANCIAL HIGHLIGHTS

REED ELSEVIER COMBINED Results for the years ended 31 December

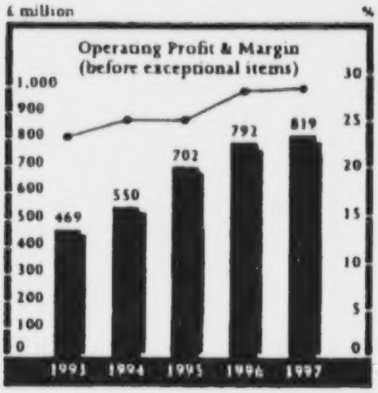
Adjusted pre-tax profit, which excludes exceptional items, is presented for total operations. Other highlights relate to continuing operations, which exclude the results of the consumer publishing businesses sold prior to the date of approval of the 1997 financial statements, and are presented before exceptional items.



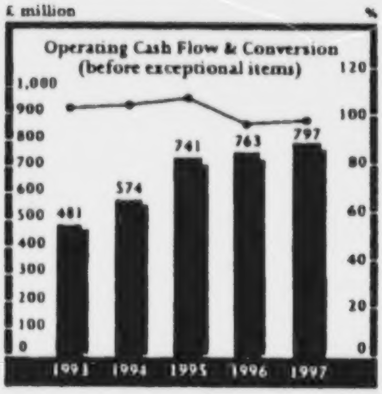
up 3% to £3,062 million
(up 11% at constant currency)



up 2% to £823 million
(up 10% at constant currency)



profit up 3% to £819 million
(up 12% at constant currency)
margin up 0.1pts to 26.7%



cash flow up 4% to £797 million
(up 12% at constant currency)
cash conversion 97%

Notes: Reed Elsevier Combined refers to the combination of the businesses of Reed Elsevier plc, Elsevier Reed Finance BV and the two parent companies, Reed International P.L.C and Elsevier NV. The above are abbreviated financial highlights. Further information is given on pages 45 to 63.

Slide 5

The Evidence (so far)

- Market Definition:
    - Titles or Portfolios?
    - How do libraries make their acquisition decisions?
- Market Shares for RE, WK, etc.
- Competitive Effects:
    1. A simple merger model, and its predictions
    2. The evolution of library holdings.
    3. An analysis of firm size and pricing
    4. Entry and Efficiencies (is entry harmful?)
- Alternative explanation for journal price inflation
    1. Cost increases
    2. Roger Noll's approach

Slide 6

Merger Simulation

Basic Assumptions

- Five Publishers, each sell one title.
- Fixed and marginal costs are identical across firms; to simplify the analysis, they are set equal to zero.
- The five journals vary in use or quality, q_u, with values of 12, 10, 8, 6, and 4.
- Two types of library budgets, small and large, with values of 10 and 20, respectively.
- 125 libraries have small budgets, 75 have large budgets.
- Libraries' purchase decisions are based on price and usage; they attempt to minimize the cost/use of their holdings.
- Publishers maximize profits, setting prices optimally given the strategies of competitors (no non-profits).
- Each year publishers choose whether to market their titles to large libraries, or both small and large libraries.
- Based on the marketing choice, a single price is chosen (no price discrimination is allowed).
- No entry or exit, No growth in budgets, No change in journal quality.

Slide 7

Merger Simulation, cont.

Given the libraries' objective, how do publishers make their marketing and pricing decisions?

- Suppose the marketing decision has been made, and each publisher knows its set of competitors. Prices for each budget class will satisfy the following condition:

  $$p_1 + p_2 + p_3 + ... = B_i \qquad (1)$$

  where B_i equals 10 for small libraries, and 10 (20-10) for large libraries as well (titles sold to large libraries only compete for budget dollars that remain after purchases of the more widely distributed journals).

- Furthermore, since cost/use determines title selection, publishers set prices so that

  $$\frac{p_1}{q_1} = \frac{p_2}{q_2} = \frac{p_3}{q_3} = ... \qquad (2)$$

- These two equations can be used to solve for each price.

- The marketing decision, i.e. sell to everyone or just large libraries?, is determined by the relative profitability of the two choices, which in turn is a function of the assumed distribution of budgets and journals.

- Look for Nash equilibria, that is, situations where no publisher would choose to change its marketing and pricing decisions given those made by its competitors.

Slide 8

Results

- Given the assumptions, we can show that a Nash equilibrium exists. The three highest use titles are sold to all libraries; the two lowest use titles are sold to just the large-budget libraries.

- Prices, cost/use and profits are as follows:

Use Value	Price	Cost/Use	Profits
12	4	0.33	800
10	3.33	0.33	667
8	2.67	0.33	533
6	6	1	450
4	4	1	300

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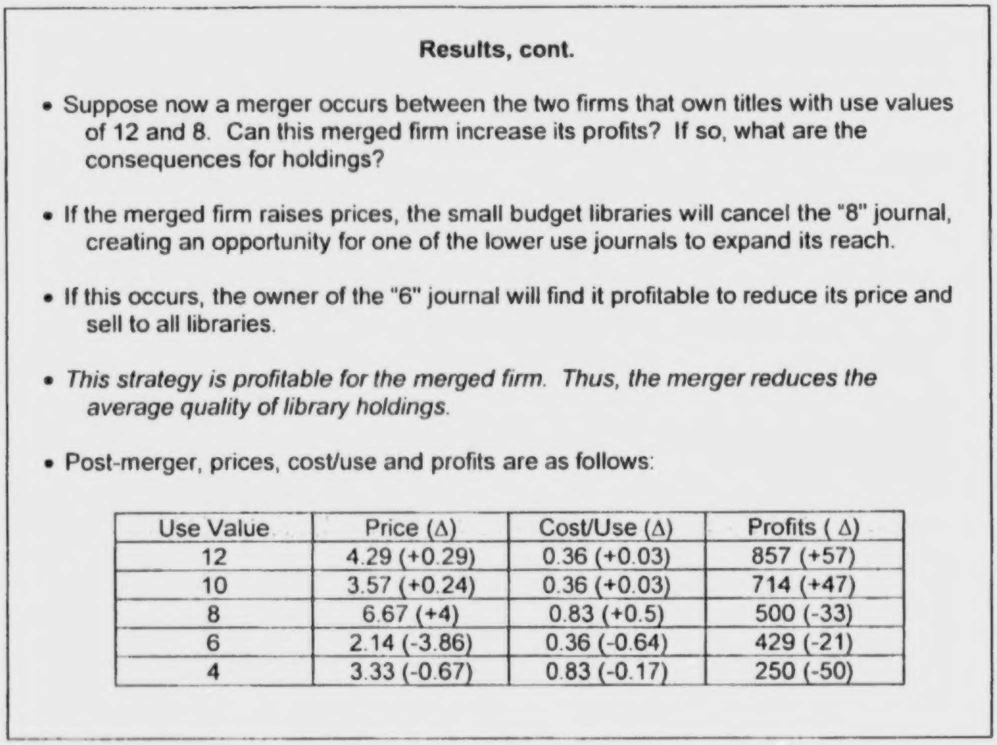
Slide 9



Results, cont.

- Suppose now a merger occurs between the two firms that own titles with use values of 12 and 8. Can this merged firm increase its profits? If so, what are the consequences for holdings?
- If the merged firm raises prices, the small budget libraries will cancel the "8" journal, creating an opportunity for one of the lower use journals to expand its reach.
- If this occurs, the owner of the "6" journal will find it profitable to reduce its price and sell to all libraries.
- *This strategy is profitable for the merged firm. Thus, the merger reduces the average quality of library holdings.*
- Post-merger, prices, cost/use and profits are as follows:

Use Value	Price (Δ)	Cost/Use (Δ)	Profits (Δ)
12	4.29 (+0.29)	0.36 (+0.03)	857 (+57)
10	3.57 (+0.24)	0.36 (+0.03)	714 (+47)
8	6.67 (+4)	0.83 (+0.5)	500 (-33)
6	2.14 (-3.86)	0.36 (-0.64)	429 (-21)
4	3.33 (-0.67)	0.83 (-0.17)	250 (-50)

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Slide 10

ISI Medical Titles from Major Commercial Publishers

	# of titles published	# of observed ISI titles	%
Blackwell	112	81	0.72
Churchill Livingston	17	12	0.71
Elsevier	262	199	0.76
Harcourt	118	99	0.84
Karger	45	35	0.78
McGraw Hill	3	3	1.00
Mosby	27	25	0.93
Plenum	22	21	0.95
Springer	99	78	0.79
Waverly	37	34	0.92
Wiley	78	65	0.83
Wolters	112	85	0.76
Totals	**932**	**737**	**0.79**

Notes:

- data based on holdings for 82 medical libraries, during 1988-98 period
- observed titles with < 100 cites in 1998 excluded
- major firms are those with at least 1% of held commercial subscriptions among the 82 libraries
- 1227 ISI medical titles published by ALL commercial publishers
- 1387 ISI medical titles published by ALL publishers, including non-profits
- underlined firms were acquired in mergers with other firms in the list during the past 12 months

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Slide 11

Shares for Major Commercial Publishers

	# Cancelled Subscriptions	%	# Added Subscriptions	%	# Held Subscriptions	%
Blackwell	151	11.5	242	10.4	677	9.1
Churchill Livingston	21	1.6	35	1.5	103	1.4
Elsevier	372	28.4	577	24.8	1528	20.6
Harcourt	160	12.2	415	17.9	1562	21.1
Karger	75	5.7	85	3.7	189	2.5
McGraw Hill	3	0.2	13	0.6	99	1.3
Mosby	55	4.2	144	6.2	737	9.9
Plenum	48	3.7	18	0.8	134	1.8
Springer	151	11.5	147	6.3	366	4.9
Waverly	56	4.3	203	8.7	595	8
Wiley	110	8.4	142	6.1	441	5.9
Wolters	106	8.1	302	13	987	13.3
Totals	**1308**		**2323**		**7418**	

Notes:

- shares based on holdings for 82 medical libraries, during 1988-98 period
- titles with < 100 cites in 1998 excluded
- major firms are those with at least 1% of held commercial subscriptions among the 82 libraries
- underlined firms were acquired in mergers with other firms in the list during the past 12 months

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Slide 12

Price and Citation Data for Major Commercial Publishers
evaluated at 1998 values

	Cancelled Titles			Added Titles			Held Titles		
	$/title	Cites	$/Cite	$/title	Cites	$/Cite	$/title	Cites	$/Cite
Blackwell	495	3266	0.40	490	3380	0.38	509	5366	0.22
Churchill Livingston	486	2173	0.37	966	2005	0.60	610	5105	0.30
Elsevier	1878	5683	0.71	994	4364	0.62	1334	10415	0.37
Harcourt	484	7858	0.28	321	5109	0.26	411	10091	0.13
Karger	757	1428	0.76	794	1736	0.82	790	1964	0.61
McGraw Hill	46	1541	0.03	52	1008	0.06	53	1097	0.05
Mosby	220	6118	0.13	219	7414	0.10	232	10097	0.11
Plenum	833	2442	1.54	567	1560	0.57	586	4245	0.35
Springer	1107	2801	0.70	862	1470	0.85	1383	5489	0.49
Waverly	263	7484	0.14	243	4868	0.12	276	10048	0.06
Wiley	1305	2703	0.86	970	3831	1.12	1445	12524	0.46
Wolters	441	4749	0.33	412	3931	0.31	430	10375	0.15
Averages	**$1,026**	**4678**	**0.58**	**$606**	**4184**	**0.46**	**$704**	**9177**	**0.24**

Notes:
- data based on holdings for 82 medical libraries, during 1988-98 period
- observed titles with < 100 cites in 1998 excluded
- major firms are those with at least 1% of held commercial subscriptions among the 82 libraries
- underlined firms were acquired in mergers with other firms in the list during the past 12 months

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Slide 13

ISI-Ranked Holdings at Medical Libraries, 1988-98
commercial titles, evaluated at 1998 values

	Avg. Price	Avg. Citations	Avg. Cost/Use
Held Titles	$683.14	8668.36	0.26
Cancelled Titles	$949.55	3422.03	0.68
Added Titles	$686.15	3023.67	0.59

Notes:
Cancelled and Added entries involve libraries that added AND cancelled titles in the same year

- based on data from 82 libraries
- 8173 subscriptions held, 1403 cancelled, 1783 added
- titles with citation levels < 100 excluded

Slide 14

The Future

- Antitrust policy is in a state of flux
- With respect to journal publishing, the Merger Guidelines have two significant shortcomings:
  1. Market Definition
  2. Market Shares
- What can be done?
  1. Formulation of industry-specific guidelines
  2. Initiate a non-merger "Bad Acts" investigation
  3. Some type of antitrust immunity for non-profit institutions.
- Each proposal requires additional intellectual support, i.e. economic and legal research.

FEDERAL RELATIONS LUNCHEON PROGRAM

Convened by Fred Heath, Chair
ARL Information Policies Committee

Good afternoon. My name is Fred Heath, and I am Chair of the Information Policies Committee, and as such, it my privilege to welcome you to today's Federal Relations Luncheon. We will be hearing from Prue Adler, ARL's Assistant Executive Director for Federal Relations and Information Policy, and Arnie Lutzker on the current legislative session. I think there's much we can celebrate for a job well done, but Prue, ever the vigilant and cautious one, reminds me that there's a little more work to be done, as you'll hear from her later.

But we have much to be thankful for and many people to thank for the work that was done in this session. And I hope that when Prue comes up, she'll give a feel for some of the many people that participated in the work this session. First, you'll hear from Prue, and she will then introduce Arnie Lutzker who had an important role to play in this session as well.

Following this I will come back up, direct any questions after Arnie finishes his remarks, and then we'll work on getting back to our next session. With that I'd like to invite Prue to come up and make some remarks.

Remarks by Prudence Adler, Assistant Executive Director
Federal Relations & Information Policy, ARL

Welcome. This has become a regular event in the Fall and the Spring, and we see it as a very nice opportunity to bring everybody up to date. This time around, I would like to take the opportunity to say a number of thank yous. To start with, I would like to thank all of you who sent many letters, made phone calls, sent in E-mails, and responded to my increasingly urgent faxes and alerts on copyright and intellectual property.

We would not be where we are on the digital agenda if it were not for your calls. That is the reason that Arnie Lutzker will be able to describe what he does this afternoon, he was at the negotiating table because your letters got him to the table. I cannot stress that enough. So thank you very much.

My second thank you is to Peter Jaszi. He is well known to many of you. He spoke last Spring in Eugene. What may not be as well known to you is that other than his day job as a professor of law at American University's Washington School of Law, he is also the founder of the Digital Future Coalition. Please join me in thanking Peter for his extraordinary commitment to ensuring that over the last several years there has been a strong public voice as Congress considered copyright legislation. Thank you, Peter. I cannot tell you how tireless he's been to keep us together, to keep us focused, and to do much of the legal analysis that was called for.

Finally, it is my pleasure to introduce you to someone and at the same time unfortunately to ask you to say good-bye, and that is to Laurel Jamtgaard who has been with ARL for six months.

About a year ago, I received a letter from Laurel suggesting she came to work for a library association to do some public policy work. A little bit of a review of her resume might be in order. She's a graduate of the Boalt School of Law at Berkeley. She was editor and chief of the *Technology Journal* and she organized Students Against the Communications Decency Act. That should tell us something.

She held a number of positions at Oracle in the technical and consulting arena, and she also did a brief stint at the Federal Communications Commission in the Common Carrier Bureau. Last but not least, the person who sent her our way was Pam Samuelson. I think that speaks volumes. I think you'll agree that her timing was extraordinary. We've kept her very busy over the last six months, and I think we should extend particular thanks for her energies on the Uniform Commercial Code, UCC 2B. For example, see her excellent article "Licenses and Information Policy: An Update on UCC Article 2B" in ARL Bimonthly Report #198 (June 1998) <http://www.arl.org/newsltr/198/ucc2b.html>.

Laurel has moved the library community forward and advanced our interests on UCC issues quite amazingly, and also on database issues. Over the last few weeks, we've helped her in her transition to a new law firm by having her respond to almost hourly demands by the Senate staff on new drafts of database legislation. We could not have done it without her.

I think it's very important to note that the library community beyond ARL has made Laurel's stay with us possible. ALA and the Special Libraries Association both helped to support Laurel's time over the last six months. This is another demonstration of how the community pulling together can really make a difference, because it has literally doubled our support for intellectual property issues over the last six months. Please join me in thanking Laurel.

(Applause.)

Now I will introduce today's speaker, Arnie Lutzker. You have heard him before. He and Peter Jaszi actually spoke at this luncheon several years ago when the legislation was just introduced. So I think it's fitting to have them both here today. Arnie Lutzker represents the five library associations in the shared legal capability, and he has been our community's voice at the table throughout all of the discussions over the last three years: On term extension, on database, on on-line service provider liability, on fair use, preservation, distance education and more.

His knowledge of copyright and intellectual property is really extraordinary, but I think something that we have all learned through this process is his patience and his very calm manner—particularly compared to some of the content providers, who are by no means calm when they sit down at a negotiating table. This has garnered him a very deep respect from the House and Senate staff, and I think that has gotten us where we are.

In the midst of all of this activity this past summer, Arnie and his wife, Susan, just opened Lutzker and Lutzker so that they could focus on non-profit ventures. In this new venture of Lutzker and Lutzker he was also a special legal advisor for a show that many of you may have seen. It's the traveling art exhibit, "Jewels of the Romanovs: Treasures of the Imperial Court." He is now working on a new art show that I think you'll look forward to seeing in the next year or so, the show from the Topkapi Palace, Istanbul, Turkey. Please welcome me in joining Arnie Lutzker.

(Applause.)

THE DIGITAL MILLENNIUM: WHAT DOES IT ALL MEAN?

Arnold P. Lutzker, Esq.
Lutzker and Lutzker

Editor's note: The slides that accompany this presentation are available on the ARL Web site at <http://www.arl.org/arl/proceedings/133/lutzker.html>.

Thank you very much, Prue. Before I start, I really want to underscore the remarkable support and commitment which this Association, the other library associations and the library community have given, as well as the remarkable talent that is accessible, particularly when we start dealing with the complex and yet utterly important issues of copyright policies.

I want to dispel one rumor. There was no truth to the suggestion that Jessie Helms was going to read the entire Digital Millennium Copyright Act as a way of filibustering the remainder of this session.

(Laughter.)

I also want to suggest that one of the ways we can gain experience in negotiating with the content community, as they're affectionately known, is sitting across the table from the Russians and trying to negotiate to obtain jewels from the Czar.

(Laughter.)

I've titled this "The Digital Millennium: What Does It All Mean?" And to give you just a sense of what we've gone through over the past four or five years, I've composed a time line that identifies the range of issues which have come forth.

It begins with the National Information and Infrastructure concepts, and it goes through the green paper, this wonderful CONFU—which I always use as the word for confusion, but it really means Conference on Fair Use—to the white paper, to term extension, to diplomatic conferences, to actual legislation being introduced, negotiated, bargained for and ultimately, in the very last few days, passed. What I will try to do is go through the key issues which have effected the library community in this process.

First and foremost, the library community has been at the forefront of identifying fair use as a critical component in the digital millennium. And, incidentally, the Digital Millennium Copyright Act was a phrase that was coined by the chief counsel for Senator Hatch. Before that it had some other sort of jargon, a bureaucratic definitions like the WIPO Implementation Treaty. When it got passed with this title—the Digital Millennium Copyright Act—first of all, the trademark side of my brain sort of picked up and said, that's pretty catchy. And I think it is, and it does stand for something as we enter a new educational environment and a new legal environment.

Fair use is at the top of the list of things that we're concerned with. We have had to deal with this in the context of reconciling fair use with new access rules, which I'll discuss in a moment, and also with database protection. One of the things I was struck with is the hunger of people in the library community for works to fall out of copyright protection and be made available to do things with that proprietors would otherwise charge an arm and a leg.

I think it's important as we move forward to recognize that this public domain concept has been shrinking over the years and comes up in copyright term extension. It also comes in significant ways in database legislation. Preservation of library materials was also an important issue which we were able to throw into the mix. It wasn't on their agenda, but we were able to throw it into the mix and actually accomplish something.

Online service provider liability is another one of these jargon phrases that gets condensed as the acronym OSP, and it is a very significant area of new communication activity. The new OSP rules that are in place are quite complex and are going to be a critical focus in the coming years. The area of distance learning was also one that we were able to throw on the table as an additional bargaining element. Our posture was, if Congress is going to take many actions in revising copyright law, we want to make sure that distance learning is part of their focus.

Turning to what emerged as the legislative highlights of the Digital Millennium Copyright Act (DMCA), this Act incorporated lots and lots of stuff into it and became a little bit of a copyright Christmas tree in the middle of the Summer. It creates a new right to control access based upon technological protection measures. That's jargon for encryption, pass codes and things that block you unless you've in a sense 'paid your way.'

It also creates an alternative to copyright protection in that access to a work precedes the use of a work and it is use that is covered by copyright. It also establishes a prohibition on the manufacture and sale of devices which affect or which can defeat these technological protection measures, and that's an important additional concept. Copyright management information is going to be a renewal of communicating data about who owns, and who is involved with, the copyrighted works in a digital format.

Online service provider liability limitation has been established. It sets ground rules under which service providers can, in fact, escape potential liability when they're involved in transmitting perhaps innocently copyrighted information that the transmitter doesn't have or that the site doesn't have to post. There is going to be a study in connection with distance learning and expanding this in relation to the Internet.

There has been an update of the library preservation rules in Section 108. A database title was added by the House but stripped by the Senate. We want to stay watchful, however, because Congress is in session for still a few more days on budget matters. And there are people that are trying to maneuver and trying to attach database legislation to anything, so this remains an issue.

There are also additional amendments dealing with preparing U.S. copyright law for adoption for WIPO Treaties. At the same time they passed the Digital Millennium Copyright Act, Congress also finally adopted copyright term extension that extends for 20 years the term of protection beyond the current terms. So it will now be a period of 95 years or the life of the author plus 70 years.

In the term extension legislation we were able to secure a special exception for libraries which I will explain. I should mention that music licensing was really the pivotal issue that held up passage of this bill for many years. And when I first talked to the libraries, copyright term extension was a loaded freight train that already left the station, and it still took three or four years to get the thing passed. And music licensing was really at the center of that issue.

More specifically, what does all this mean for most of us? As I said, the Digital Millennium Copyright Act has several key elements. One, it establishes a prohibition on accessing works that are protected by these technological protection measures and prohibits the sale of products which defeat these in certain commercial contexts.

One of the things that we strove for during the course of this negotiation and debate was trying to introduce the concept of fair use to access, fair use as a copyright principle. We had what I considered to be a partial victory. In a regulatory process, which we didn't quite ask for in this fashion, the access rules are going to be postponed, in effect, for two years.

During that period, the Librarian of Congress is going to do a study, together with some folks in the Commerce Department, in terms of the impact of these rules on library preservation, on access to works, and the ability of people to make fair use of these works in the marketplace. These studies will be undertaken initially in the first two years and then thereafter every three years there will be studies made with respect to these particular rules.

We consider this really a partial victory, because it does establish a principle. It does get fair use into the mix. It doesn't assure fair use in any context, and therefore, it's going to require some vigilance on the part of those in the community to enforce the opportunity and the rights that you've now been given by this statutory provision.

Another aspect of the technological protection measures, specifically the anti-circumvention rules, is a prohibition on selling devices that are primarily designed to defeat these TPM's, as I'll call them. This concept does some violence to the Supreme Court Decision in the Sony BetaMax case which essentially said that if the technology of a VCR has non-infringing uses—in other words, you make a fair use of it to record a program for later viewing—the fact that it does record programming shouldn't disqualify it.

There was an attempt to argue that same principle into this new law dealing with access. It was not successful, and therefore the standard is somewhat stronger than what came out of the Sony case. But, essentially, if technology has a primary purpose of defeating technology to breaking through barriers of encryption, it can be banned. And those that market it can be subject to severe penalties.

Here I have reference to those penalties. They include, in connection with access violations, minimum damages of $200–$2500. These penalties follow a copyright principle of minimum damages even if they can't prove actual damages. In the case of copyright management information, which consists of details of information that will be embedded into digital works, violations of changing or altering that information can run as much as $25,000 per violation.

There are also criminal penalties with respect to this, substantial criminal penalties, including fines of up to a million dollars and imprisonment for years and years. There's a sense of overkill with respect to this, but I'll leave you to judge the ultimate outcome with respect to that.

Online service provider liability was one of the most complicated, difficult, contentious principles that was negotiated. It took over two years. In some cases, there were sessions stretching over periods of months to try to hammer out both the concepts—getting people to understand what they were talking about took about three months to begin with—then figuring out what rules should apply took another three or four months.

But, essentially, the effect is to say that libraries and educational institutions, universities, high school and others are, in fact, service providers when you create opportunities for students or faculty or yourself to use the Internet.

And the rules are now set in place, very complicated rules. Let's say you were involved as a service provider in the process of getting a Disney movie that's on a site in Holland delivered to a student who's taking a film course in Connecticut and he downloads it, and then he can show it to all his friends.

That process implicates you as the middle man. However, the service provider is exempt from liability if certain very complicated rules are followed. Fortunately, from my point of view, you'll need a lawyer to figure all this stuff out.

(Laughter.)

Distance education is such a hot button issue that we couldn't get anywhere in terms of hammering it out. But we had Senator Hatch and Senator Leahy standing over us and saying, "Look, we'll study this. It's very complicated."

So we're going to study it. Congress is allowing six months from the date of enactment to the point at which a study has to be completed and presented to them. Then, they said, they'll take action. Now, I'll believe it when I see it. I believe the report will be done. I mean, the Copyright Office is pretty diligent about doing what Congress tells it to do. They may ask for more time at some point, but it's going to be done.

It's going to happen pretty fast, and you have to be thinking about this, about what distance education mean, particularly the relationship of the Internet to content. And again, you'll need a lawyer to figure out all the rules that they're suggesting in there.

Library exemption was an additional focus. Bob Oakley was a primary spokesman for the library community area and deserves kudos galore. He really helped identify and focus on the issues where we were successful. Believe it or not, we were successful in getting them to change 108. If you ever read the old 108, it would prohibit making digital copies. We can now make digital copies, welcome to the 1990's, the digital millennium. There are limitations on what you can do. You can make up to three copies. You can have the digital version.

You've got to keep control of digital versions, because digital versions are the bane of the copyright content community. They feel that since you can make perfect copies, we're all sort of in a conspiracy to go out and copy things without ever accounting for it. And Prue has been one of the leaders in communicating how much money people in this room spend on content.

That's one of the points we make. In the library community, we're not out there to take stuff. We want to take what we're allowed to take and pay for what we have to pay for.

Copyright term extension, I'll just mention briefly that it's 20 extra years. We argued and were sort of successful in getting the principle that if stuff sits on the shelves for 75 years and no one's looked at in 74 of those last 75 years, there should be some way of making reasonable access use to that. And we have a limited exception that will allow for treating stuff in the last 20 years of the copyright term, for some material it will be sort of like public domain material.

However, if it's commercially available, then it may not be similar to public domain. What normal commercial exploitation means is going to be the pivotal issue as we try to interpret that particular provision. Our friends in the content community say, "oh, for sure, we're never going to sue any libraries. So don't worry about that. We'll work this out."

(Laughter.)

The bill that was not passed is probably one of the most significant pieces of legislation that almost slipped through in the last generation. Database protection legislation would essentially have overturned the Supreme Court Decision in the Feist Case, which says that facts are not owned by anybody.

Anybody can use facts, and the content community created a concept that is essentially not a copyright concept, but it's a non-copyright concept. Copyright protects creativity. The ingenuity that one uses and the system that we have is an economic system to encourage creativity by having people buy works or pay for works that are created. In database legislation, they're saying we're not creating anything. Of course, it's facts. It's government works in some cases. What we're doing is making an investment, and it's that investment that needs to be protected. And if you steal our investment by taking bits of data, you are violating our database rights. And that's what the essence of the fight is about, and along that line there are enormously important issues, including whether or not the investment ever stops if they maintain digital databases.

And there is an argument that a database under copyright, which has a limited term, might exist in perpetuity. If you're constantly refreshing and maintaining a database, does that qualify you for continued protection? And the answer, I think in their view, would be yes.

What does all this mean? With the anti-circumvention rules in terms of these technological protection measures, clearly what's going to happen is that you're going to find more copyrighted works will come in encryption form.

The entitlement for libraries and others in the educational community to provide these works to people that don't have access codes, pass codes, or have abilities to crack through the encryption system is going to be compromised. And the flip side of that is the stuff is going to cost more. And that was the essence. When you get digital, you're going to find that prices and negotiations dealing with the pricing is going to increase.

Now, one of the things that was thrown out at the library communities and the university communities was that you now have these consortiums that are powerful buying mechanisms. And they may be. I don't personally deal with that, but I think it sounded to me like a good thing. Whatever you're doing, the consortiums seem to be a real point of concern, because you can obtain things in group buying that you can't otherwise obtain.

Now, there may be other considerations that come into play and other legal considerations that need to be addressed, but clearly, the consortium concept is important. Now, when you engage in contract negotiations, among the things that you may want to think about is—particularly when you're dealing with digital works—how can I get a hard copy of something? Because if you've got the hard copy, then you've, in a sense, by-passed these new access rules, and you're in the more "familiar terrain" of copyright.

Copyright may be confusing enough as it is, but when you throw access into the mix, it really gets confusing. Obtaining hard copies is going to be something you need to bargain for. You may find it on the table more frequently in the future. If you have the digital copy, you may find it's almost impossible to access it without the technology, and the technology is separately banned if its purpose is to defeat the measures that stop you from getting access.

It becomes a vicious circle. You're going to find that even if you have some theoretical right of access to it, you may not have the technology to actually access it. And as a result, the equipment and even software that breaks through these codes will become contraband under the concept that was articulated in this bill.

The Librarian of Congress is going to be studying the introduction of the new access rules. We were not successful in delaying the ban on the technology. In other words—the original proposal was that, as of today, it would have been illegal to access works that are protected by technological protection measures, in effect, without permission. It would have been illegal, and you would have been subject to fines.

There was a very limited exception for libraries in the bill that would allow you to browse to see whether you wanted to buy. But that would have been the only thing you could have done. We got that rule stayed for two years. During this period, the Librarian of Congress is going to study this area. I think it's going to be critical that the library community participates actively in this study. You have to make a record.

You have to voice your concerns about the impact of what these technology controls do to the ability to access and use works the way you feel you need to use them. And you need to share your concerns with the community and then make your voice heard. There are uncertain elements in the way this proposal was crafted. And, frankly, we didn't ask for this proposal. We asked for something simple, just drop the proposal, drop this access limitation entirely.

And we weren't successful in doing that, but this regulatory procedure will try to figure out if there are particular classes of works, types of works that deserve greater access by libraries and non-profit educational institutions. We would need to establish some concept of adverse affect, and we need to know what is the significance of the availability of works only on a paid basis. One of the arguments we were making is that we were heading into a pay per use information universe. And that struck a responsive chord with politicians, but now we've got to follow through and try to communicate exactly what our concern is.

Turning to the issue of OSP liability or the limitation on liability, I think this really was an important resolution, narrow as it is, for people in the library and educational communities. The rules, I assure you, are incredibly complex. And they will require careful monitoring if you want to take advantage of it. The compromises were brought about literally with staff and members of Congress sitting in the room with negotiators.

It was a long drawn out process, but it will serve as a model in some cases for resolving future concerns. I'll make a prediction based upon having sat in these negotiations for umpteen months. This remains a very hot button issue, and there will be a major test case in this area in the near term once the rules are in place. And if people have not complied 100 percent, there will be litigation.

The distance education study, which is different from the access study, is going to be, as I said, a six-month study. It's really going to be the battleground for the relationship between learning and the Internet. And throughout these discussions and negotiations, the content community has been urgent in trying to keep any exceptions—with respect to digital work—very narrowly drawn.

And the content community is going to be right on top of this, you can bet. They're probably already working on it. A report, as I said, is due in six months, and has received commitments from senior Senators that say they will act on this. So we may get something out of this, but only if we are truly active in it. The library exceptions were very hard for it, surprisingly so. It struck me "why are you fighting so hard about this stuff?" But when you deal with copyright, sometimes you deal with the metaphysics and religion of copyright.

(Laughter.)

I don't want to be a preacher about this, but there really is this sense that just because I have a copyright, I've got it, it's mine and I should exploit it. It's independent of the work. The notion they are fighting so hard for is the availability of the work for licensing—even if they don't have the work. I've told these people, you don't have it. It's in a library. Nobody has looked at it for 65 years. No one knows what it says. The people who wrote it are dead. The companies are out of business. They said, it's available for licensing.

(Laughter.)

That's the mentality that you're fighting with. So with copyright term extension and similarly with the library updates, we have this sort of religiousness that inculcates the dynamics.

I want to turn, yet again, to database protection legislation. It hasn't gone away. And assuming that we're successful in closing down this session with it not happening, there is a commitment, as there was a commitment with distance education, there is a commitment by Members of Congress to move this thing along.

This is the number one priority of Reed-Elsevier and Thompson & Thompson, actually of anybody that's got a major digital presence. They want it. They want it. They want it. And if they get what they want it will be the bill that they had passed by the House of Representatives twice. They sat down with us, and they said, hey, it passed the House twice. What do we have to talk about with you?

This bill had no concept of fair use. We were successful in working with staff and getting things modified on a basis that, if it was going to pass, how do you reduce the damage? The reality is it was stopped.

I don't know where it's going to start again, but I promise you it's going to start. It's going to be a drumbeat, and there needs to be a constant attention to this. And again, I can't emphasize from my personal perspective the credit I would give to Prue Adler, Carol Henderson, Peter Jaszi, and Laurel Jamtgaard. These are people who have worked on a daily basis dealing with this. They are remarkable in their ability to communicate and in the intensity of communicating the concerns.

But it was also clear that lots of Members of Congress think this is a very good idea. And they're going to be pushing to have this thing adopted in some fashion. So you've got to look at it, understand it, and then fashion the next phase of the response.

MR. HEATH: Thank you, Arnie, for advancing our understanding of what has been enacted and what lies ahead for us. We understand now that the struggle continues, and we must be ever vigilant. Before we turn the remainder of our time over to Arnie for questions, I'd like to invoke the privileges of my chair and take a side trip here.

From our experiences of this legislative session and the success that I know we've enjoyed, a few words come to mind: Leadership, focus, vision, collaboration, partnership. Let me add the words of a prominent statesman from an earlier decade, and that is that "never have so many owed so much to so few."

And at the center of that dedicated cadre that Arnie described for us was Prue Adler. It was to her leadership, her focus, her vision and her collaborative skills that allowed us to attain the outcomes that benefit not only libraries but education generally and the country as a whole. And so, before we go to questions, I would like to ask Prue to come up here and receive a small token of our esteem.

(Applause.)

MS. ADLER: Thank you very, very much. It has been a long couple of years. But as I have always said to the folks in the government documents arena—which I say carry across the whole portfolio—I'm only as good as what you can give me in terms of your letters and your support. And that has truly been what made the difference. I also do want to say thank you to people like Peter Jaszi and Jim Neal who have been leading this throughout.

And Carol Henderson is here and all the other members of the library community who really, really pulled together in an extraordinary way. And I thank Duane Webster as well, because he kept allowing us to do what we did which I think made the difference. So thank you very much. I appreciate it.

(Applause.)

MR. HEATH: With that, I will turn the floor over to Arnie.

MR. LUTZKER: This is a wonderful community, and I've really felt blessed to work with you. I have really enjoyed it, and I think the comments about Prue, I echo

UNIDENTIFIED: Just a perception question. I'm dealing with a perception on my campus—and I think everywhere—that electronic must be free. I'm wondering if you've dealt with that perception in Congress and how you responded to it.

MR. LUTZKER: The content community is very adept at getting the message across that everybody in this room is a thief and a scoundrel because you're at places that espouse fair, free use of material. We've tried to suggest in a different form that roughly $2 billion dollars has been spent by members of this community.

The price of subscriptions that were once $1,000 a year is now $7,000 a year. That's the type of data and information that if your advocates have at their command, they can dump on the desk. You start with the Congressional staff and then you get to the Members, and if you can reach the Members you just sort of hammer them over the head. They know you're buying stuff, but they don't appreciate that when they hear the other side say that there are people out there just stealing their stuff.

The content community, to its benefit, has grown a lot in the last number of years. I remember in the 1980's the Motion Picture Association was at the forefront of fighting the VCR. It was the devil incarnate because it was taking its movies and exploiting them. Today the sale of video (because of the VCR) accounts for three times the amount of money they make at the box office. They make $5 billion at the box office and $15 billion through video sales. And so, in other contexts, I appreciate how little forethought many in the content community have. Even though it's their stuff, they don't necessarily know how best to market it.

UNIDENTIFIED: It's been said that the database bill might be unconstitutional. You don't hear the anti-gun control people saying that gun control might be unconstitutional. They say it's unconstitutional. We might also add another piece of rhetoric here, it's un-North American.

(Laughter.)

UNIDENTIFIED: I'm wondering why we aren't saying more about the fundamental constitutional problems with database and enlarging the rhetoric on this bill?

MR. LUTZKER: Well, I think we have said it in context. There were so many bills and elements of bills that were dumped together in the Spring, database was thrown out as a concept, and I don't think many people gave a whole lot of thought that it was actually going to happen, zeroing in on database.

What happened was that certain people in the content community took the opportunity of the WIPO bill to attach it as their priority. Along with trying to develop fair use concepts on access, library exceptions, and this and that, then you're also dealing with database. I think you're right. I think database has enormous constitutional issues.

Even though some of those were addressed by alternatives that have been put forth, that can be one of the real spotlight elements hopefully in the next session. And we welcome input on that. Anybody that wants to do a constitutional analysis, send it our way.

UNIDENTIFIED: When you say that House members are so enthusiastic about database, what is it about this that appeals to them? What are the pressure points that we can address?

MR. LUTZKER: Well, some of this starts from the districts and Members who are in critical control. Members of the Copyright Judiciary Committee have people in their own community who really support this. Reed-Elsevier in the New England area is an example. We have learned of publishers in North Carolina that got to Howard Coble, and it's a matter of if they've got somebody in the district that really wants it, that helps.

So you guys are in everybody's district. It's a matter of using that sort of connection. I think the attractive element of database is essentially the notion that you're tying it to investment, rewarding that investment and stopping what's called misappropriations, stealing of stuff. As a practical matter, some of these concepts get to be a little difficult to distinguish.

In other words, if you've got a collection of facts that are linked together, scientific information that's put together at great expense, and anyone can lift anything they want out of that, on the one hand, it's science and the copyright rules would say anybody can take that.

However, they're trying to say we've made that investment, and we should be supporting American business and American intellectual property which sputters throughout the world that makes money for American society. That's attractive as a political argument to members of Congress. And the response can't simply be, oh, it's fair use to use it. You have to develop a range of responses, which we have, and you have to develop alternatives.

But it is complicated, and you have to let Members know. And I think, as we've pointed out, letters are really important. And I want to mention two other quick things in this context as well. We found, number one, that even though these issues have traditionally originated with the Judiciary Committee in the House and Senate, the Commerce Committee played a pivotal role, and I think will continue to play a pivotal role in this area.

So knowing and expanding the legislative base is quite important. Also, and this is to the credit of Peter Jaszi and the work that he did in organizing the Digital Futures Coalition and then reaching out where the library communities became allies, if you will, with a group that was called the Commercial Skeptics, people in Commerce who were worried about database. Dun and Bradstreet, MCI, and others say: We use databases, too, to do things. Where's the balance here?

Creating new alliances, being open to them, and being creative about them bring you additional strengths that other people have. That was a pivotal lesson that was part of the database work.

(Applause.)

PROGRAM SESSION III
STAFFING FOR THE DIGITAL ERA

CONVENED BY PAUL KOBULNICKY, CHAIR
ARL RESEARCH LIBRARY LEADERSHIP AND MANAGEMENT COMMITTEE

Good afternoon and welcome. My name is Paul Kobulnicky. I am the chair of the Leadership and Management Committee and very pleased to introduce this session on staffing for the digital era.

I want to start out by relating a scenario that I'm sure you're all familiar with. You have an important, technology related development occurring in your library. The person who is leading your technology area has just been recruited by PeopleSoft. But that's okay. You have another really sharp person who has just left for another job in industry. You have a fall back. You have bright students—

(Laughter.)

—who are graduating, and they've already taken jobs earning much more money than you could ever have afforded to pay them. Where are you? We're going to try and address those issues today, issues of staffing for the digital era both in terms of attracting good candidates, retaining good people and dealing with the very, very vexing problem of diversity in non-existent pools. And by that we mean both cultural and gender diversity.

We've assembled a very exciting panel that I'm pleased to introduce. On my left is Jerry Baker. Mr. Baker has been an Executive Search Consultant since 1976 and is currently a partner in the firm of Baker, Parker and Associates. He has conducted over 400 searches for diverse corporate and not-for-profit clientele. He has also conducted 175 searches in the academic sector, including the positions of president, provost, dean and vice president, and chief information officer.

Mr. Baker served on many academic sector boards and councils, including the Board of Trustees at Wake Forest University and the Wake Forest University Divinity School. He also served as president of the Harvard Divinity School Alumni Association and the Council of University Resources at the Harvard Divinity School.

To Mr. Baker's left is Mary George Opperman. She is the Vice President for Human Resources at Cornell University. Ms. Opperman shapes and administers Cornell's endowed benefits programs, employment and compensation, training, employee relations, human organization development and work and family issues. She is also a key organizational strategist and policymaker among Cornell's colleges and departments to help ensure that the university excels in effective and progressive human resource management for Cornell's Ithaca campus, faculty and staff.

And finally, to Ms. Opperman's left is Dr. Jorge Schement, Professor of Telecommunications in the College of Communications at Penn State University. His research focuses on the social consequences of the production and consumption of information and policy issues identified with the National Information Infrastructure, especially as they relate to Latinos. Dr. Schement's policy research contributed to a Supreme Court decision in Metro Broadcasting, Incorporated versus Federal Communications Commission.

In 1994, Dr. Schement accepted an invitation from the Chairman of the FCC to serve as the Director of the FCC Information Policy Project. Additionally, Dr. Schement has served on many boards and councils, including the National Science Foundation, the National Research Council, the National Endowment for the Humanities, the Office of Technology Assessment and the U.S. Commission on Civil Right. I want to point out that Dr. Schement's interests also include both the history of printing and the origins of information technology.

I'm pleased to start off by asking Jerry Baker to come and talk to us. Jerry.

CHALLENGES IN RECRUITING FOR A CHIEF INFORMATION OFFICER

Jerry Baker, Partner
Baker, Parker and Associates

Good afternoon, ladies and gentlemen. I am delighted to have the chance to visit with you and to share some thoughts from the executive recruitment perspective on the issues that face all of you. When your representative called to ask if I would participate, I was quick to point out that I have had no experience, zero, recruiting directors of libraries. I have been in and around the function and ran a book store once, if that counted. But it had acid paper, and it all disappeared.

(Laughter.)

But I did point out that I have had some good experience in recent years of working in the academic community and specifically in representing a number of institutions in recruiting what we have come to call the Chief Information Officer. As Paul said, I've now done 175 searches in higher education. I was pleased to look at your membership list and see that 27 of your institutions are clients of mine, and I have done the CIO search at nine of your institutions.

The perspective I bring, therefore, is that of an executive search consultant who has devoted a good bit of time and energy in recent years to the world of higher education, with a subset of that being information technology. Let me make an opening comment that the information management activities that all of you have responsibility for are some of the most critical leadership positions for our future.

You are absolutely central and essential to all that is going on whether it be the research, the teaching, or the service mission, those of you who are involved in information are critical to all that we do. I will also say that we think the information executive and the information technology leader as the most difficult arena of executive recruitment today.

Whether that be for the corporate community or the academic community, this field stands alone as the one causing most of us sleepless nights worrying about how to go forward. The searches are taking longer. The number of candidates are very few. Compensations are skyrocketing, and once on the job, the people don't stay very long. We're finding that those in information technology positions at the junior level are often gone in 12 to 18 months.

Even the CIO is often gone in three to four years. I want to talk about who you are and what you do. And I want to share several issues with you that I find on the campuses around the country where I spend a good bit of time. First, is a definition. What is a chief information officer? What is a chief information technology officer? This is a debate that I find going on all over the country. Who is responsible for information at your university?

Indeed, what is information? I'm finding some of the most lively debates, arguments and disagreements coming around the issue of the relationship between the director of libraries, the vice provost of libraries and this other position called vice president, vice provost or director of information technology. Is this one position or is it two separate and distinct positions? As the director of libraries, are you responsible for information?

I would say yes, you are, and I would even suggest that we change the title of your other position on the campus to call him or her the chief technology officer.

(Applause.)

Thank you. I think it's obvious, and it really is extraordinarily sensitive that the working relationship between those of you who are directors of libraries and the director of technology, the chief technology officer, must intensify. I am seeing extraordinary cultural difference. I am seeing significant turf issues evolving, and I am seeing presidents, provosts and chief financial officers having to be referees as they stand in the middle and attempt to get the two sides to talk to each other.

A critical issue facing you has to do with budget and staffing. One of our large universities in this country represented in your body now has in its information technology organization 1,000 employees and a budget this year of $120 million dollars. Do any of you have a $120 million dollar budget as directors of libraries? That is what we're facing, and that's a very real number, because I placed a CIO at that university.

The budgets are not going to get smaller. The number of employees is not going to be reduced. Therefore, you find yourself competing for those employees and for those budgetary amounts. I point out what is obvious to those of you who live this day-to-day, but one of the issues I am encouraging presidents, provosts, and boards to think about is this issue of budgetary wealth that has to be shared but is being shared perhaps a bit too generously with those on the technology side.

Another issue that we are finding on many campuses in our search work is that of the reporting relationship. To whom should these positions report? One could argue that the chief information officer is more closly aligned with the academic and scholarly mission of any university. Therefore, it should obviously report to the provost, the chief academic officer. One could also say that this position is responsible for financial and administrative systems.

Therefore, perhaps it should report to the chief financial officer. There are those who would say that this position, these positions, affect everything that goes on, so why not report to the president? What we are finding is that this position of chief technology officer continues on most campuses to report to the provost. I finished a search recently, though, for one of our distinguished ivy league schools where the position does report jointly to the provost and the chief financial officer, driving him crazy, I can assure you.

And there are those cases where the position now does report to the president. What we are finding, and I am sure many of you are facing this on your own campus, is the question of is it now time to think more seriously about combining these two positions into one? Should we have someone who is a chief information and chief technology officer who would be an officer of the university reporting directly to the president, sitting as an executive officer and being involved in cabinet-wide issues?

I'm sure each of you has a fairly strong reaction to that, one way or the other. But, as I will mention in a moment, that is an issue that I suspect we are going to have to address in a very clear way fairly quickly. Another issue we are facing which will not surprise you is that of the skyrocketing compensation of those in information technology, particularly the chief technology officer position.

As I am sure you see and read, the person who holds this position is now generally among the highest paid on many campuses, at least those campuses without medical schools. These positions aren't quite up to the cardio thoracic surgeons, but they're getting close. I did a search recently for a position at one of our public universities in the mid-west, a mid- to modest sized institution, and a good one. They had concluded that they would make it a vice presidency reporting to the president, and the compensation they offered was right below the combined salary of the president and the provost. That's what we are facing.

What does that really mean? The chief technology officer at many of our major universities now has compensations generally in the $250- to $300,000 range, and it's going up as we speak. The vice president of information technology at a Fortune 500 company has a compensation three to four times that. We are involved in a search for a Fortune 500 company for that very job. We are offering over a million dollars, and we are having a very difficult time finding candidates.

The other piece to the competitive issue of compensation has to do with the large consulting firms. As many of you are aware, the large consulting firms intensely recruit young MBA's. McKenzie and Company happens to be a client of mine, and they are now starting young MBA's with any understanding of information technology at $150,000 right off the campus.

So when we talk about recruiting at the junior level or the senior level, you can see the environment in which we now find ourselves. Therefore, the pivotal question is how do we identify, recruit and keep information technology professionals? What does higher education need to do to be competitive, to gain some depth of strength and competitiveness in the area.

My conclusion as one who has done this for a while is that we are at a point of extraordinary shortage—actually approaching a crisis level—of qualified men and women to be the chief information technology officer from within higher education. There is a very small cadre of men and women who are technically competent, managerially qualified, and interested in doing this job. All three of those are critical, and the last one probably the most important.

We are finding that those who have the technical competency, the managerial strength want to stay away from the broad activities of being responsible for the vision of a university. I find that in many of my searches in higher education. One reaches a certain point of recognition and stature because of teaching and research. Why do I want to mess that up and go be a dean or go be a provost.

We're finding the same thing in information technology, those who enjoy taking computers apart and writing software have no interest in thinking strategically about the vision of the future. We have had to come to a conclusion in my firm, and I know many of my colleagues and other search firms are doing the same thing, being very cautious about even beginning searches for a CIO position based on the reality of the marketplace.

And in the past weeks, we have declined several, because the client could not be competitive from a compensation point of view and was unrealistic in expectations. When we start a CIO search, we tell a college president, we will do our best to present three candidates. When we do a dean of arts and science search, as I did at Johns Hopkins, we present 40 candidates. But in the information technology world, it's very narrow. It's very focused, and that will not change. I have one client who said if you can bring me two candidates, that will be acceptable. We know the marketplace is that traumatic.

I want to ask you in closing to think about who you are. As I have shared with several presidents recently, I really do believe that those of you who are responsible for information are going to be called upon to expand your responsibilities within your university.

I see that the director of libraries is a position that is going to have a definition that can, will, and perhaps should expand over the future. I see the opportunity for those of you here, if interested, to move into broader positions of responsibility including to some extent information and technology.

You may be allergic to the word "technology." It may be the extent of your vocabulary, but I think part of what we're going to have to think about is the expansion of responsibilities of those of you in these positions to include some broader technology activities. The other suggestion I am making to you is that we are going to have to be more open to going outside higher education and into the corporate community for leadership.

I have only a few searches in my academic work where we have brought someone from the corporate environment to the academic community. All have worked well in transition from someone who has spent an entire career in the corporate environment. I have become convinced, however, that a corporate executive's definition of shared governance is that I will share the decision with those governed after I make it.

(Laughter.)

There is, indeed, a cultural transition that will have to occur, but I see one of our obligations and indeed necessity is to look more carefully at those from the corporate environment. The other observation I make is not surprising, and this will affect those involved in Human Resource. We are going to have to restructure compensation programs for those of you in information and information management. I am seeing this happening generally, but specifically in these kinds of searches. We're going to need to think about hiring bonuses. We're going to need to think seriously about significant annual increases in compensation, not three or four percent, but ten or twelve percent. We're going to need to think carefully about annual incentive programs.

We're going to need to encourage and allow external consulting time, and we're going to need to build a long term incentive program. That's all very corporate. I know that. But I don't know any other way that we're going to address the problem. I spent the weekend negotiating the final package for a presidential search I'm doing. In addition to some very aggressive ingredients, we put in a clause that if he stays five years, we will give him an additional $100,000 at the end of five years just to keep presidents in place. So we are going to need to do some things that are unheard of in higher education. What I am seeing which will perhaps help this happen is that more and more governing boards, boards of trustees, boards of regents are actively involved and very interested in information technology.

That will facilitate and perhaps encourage your president, your provost and your deans to understand what we face in this terribly critical time. I applaud what you do. I encourage you to begin to think more expansively. Think about what it means to be a chief information officer, and think about what it means to be a chief technology officer. Perhaps never the two shall meet. I don't know, but I think that is one strategy we must think about.

I'm delighted to have the chance to share my thoughts with you. Thank you.

(Applause.)

MR. KOBULNICKY: Now, we'll have Mary Opperman talk a little bit about the jobs that we have in our institutions. Mary.

RECRUITING AND RETAINING STAFF WITH TECHNOLOGY SKILLS

Mary Opperman, Vice President for Human Resources
Cornell University

The question that I was asked to respond to is how do you attract and retain staff with technology skills in this digital age given the competition around us? And I was told, "Now, remember, this is a very sophisticated group. You need to give high end answers and think out of the box." When I was asked this seemed very doable, but about two o'clock this morning I thought . . . I can't. I don't have any high end answers, and I'm not sure I can think of anything out of the box. The fact is that what you're facing is being faced in every discipline around the country. It is not specific to libraries. Technology and the boom of technology is infiltrating almost everything that we do.

And the fact is that we did not pick up on technology inside of the disciplines early enough and then train enough people to be able to have grown our own folks for the technology realities. And we have a labor shortage because of that. One of the dearest people I know is the university librarian at Harvard. And one time we were sitting with a group of librarians. This was several years ago when libraries were facing the "threat of the paperless library." We were hearing from some very concerned librarians and he began the discussion by saying, "You know, in the golden age, when librarians walked tall upon the earth—."

(Laughter.)

Then he went on to remind folks that there actually never was a golden age. It taught me something about the way that at least some in the library world were feeling about these changes. For those whose entire career has been based on the extremely deep content knowledge that they have, the infiltration of technology expectations, which they are not ready for or necessarily trained for, has really shaken them in a very fundamental way.

And we know that change which is fundamental is fundamentally difficult. And so, I'm going to talk a little bit about two things. One, about some ideas in terms of recruitment and selection. But then, secondly, about retention and the impact the climate and culture of your library will have on retention.

There's a supply and demand reality. When there are more qualified people than there are jobs, the people have to market to you. However, when there are more jobs than there are qualified people, you have to market to them. And that is a new experience for some of us. And so, the first thing I will say is just as we advise. We in human resources advise people in their careers to present themselves well, to be prepared for their interviews, to know about the place they're going to. I would say to you that you must also check your look in the mirror. Look critically at yourself and be ready to market. Market the job. Market the library. Market your university. It's about your job design. It's about your organization. It's about where you're going in your organization and how that fits in with the university. I cannot stress that enough. It is critical not only for you in recruitment, it is critical for you in retention. We know that hot shots, stars, want more out of their jobs. They jump jobs often, and they're looking for something to build on for their next job. They want more than just a set of duties. You need to be able to give them the context for how they will impact that organization. So my first message is be prepared to market yourselves and be prepared to recruit.

In recruitment, how are you going to set yourselves apart? What is special about working for you? Why should a 'techee' choose you over a high tech company? I will challenge you that universities, that libraries in universities have special things to offer. Each slightly different. Let me give you some general examples. Flexibility. The ability to keep going in your educational studies. Career growth, personal growth, quality of life. Whatever the marketing strategy is for you, develop it before the job's open. Be passionate about what makes you special, and recognize that you are marketing all of the time. So grouse someplace else.

(Laughter.)

This is very hard for me, I might say. Because you never know who's listening. And hot candidates can go anywhere, and they're going to go where they hear an excitement and energy and electricity in the job and in the future. Hopefully, you are recruiting at a low level all the time. But now you actually have a job opening and you face job design.

For some of us, these are running in tandem, because we always have job openings. Do you know how that set of job duties fits inside of your organization? Have you thought about it beyond the set of tasks that the person is going to be asked to do? Do you know whether you really need a hot shot? Do you really know what it takes to get that job done? You are not going to be able to fill your library with hot shots. You can't afford it. So pick the jobs carefully.

If you really know the job design, you can try to differentiate between where you need a real hot shot and where you can look for somebody with a solid skill set. I'll also tell you that some of the strategies, like growing your own, which I'll talk about in a minute, will net you people who will stay longer. True, they may not be hot shots, but you don't need a whole library filled with hot shots. Recruit very realistically.

Do the duties fit together in the job design? When was the last time anybody looked at the job design? Are you just refilling and reposting as it comes open? Is it a relic from the former incumbent? I don't know about you, but in our organization—I'm talking human resources, not the library—we take the jobs and we craft them and mold them to the person that's in it. So if I was to just take that job, type it up and put it out, it wouldn't make any sense, because it was very incumbent specific.

So be sure to know whether the conglomeration of duties, a) fits inside of your organization; b) requires a hot shot; and c) makes sense. It seems so logical, but yet, in the rush of time, we often skip these. Know where the job is in its evolution. I'll give you the best example. Jobs that have Web design in them. These are jobs that turn over very quickly. This is a hot field. It's fairly low paying. Lots of kids come into them, and pow, six months or a year later, they're gone.

If you have Web design as an aspect of the job and then a series of other technology-based requirements and you've had a good person in it, the design may be done. If you don't check, you're going to bring in somebody else whose going to go, "Oh, my God, who made this design. We just have to start all over." That person will stay a year and go, and the next person comes in and says, "Who did this design. We're just going to have to start over again. Yeah, I'm not making any progress here." So make sure you check on the evolution of the job. Draft the job description and then have it reviewed. We live in academic worlds. Peer reviews are very, very useful. This is a very good use. Send it around to some folks. Send it to some 'techees' you know. Send it to your HR people. Sometimes they can really help you.

Make sure that people who don't know what happens inside your organization think that the job makes sense. Make sure it describes your organization well and describes the set of duties clearly enough so that they could actually think of somebody who could do it.

Now, qualifications for the job: I went to the Web. First of all, I had to get through the fact that there were over a thousand Web sites with digital library in the title. Then I looked around on some of the Web pages, and I looked around on some of your Web pages. I looked at some of the jobs in the libraries and I couldn't help but notice that many of the jobs require an MLS, a particular academic background, and a background or degree in computer science, and they were paying $40,000. I could be wrong, but I'll bet you're having trouble. Am I out on a limb here?

(Laughter.)

When you look at your qualifications, be realistic. If you're going to require an academic background, an MLS and a computer science degree, you are not going to be able to pay $40,000. You're just not. So when you look at the conglomeration of duties, test the qualifications as well as the actual job duties themselves and be realistic about that. Remember that the more qualifications you require, the smaller the pool of candidates. So if we start with the original assumption, which is that there aren't very many to begin with, and they're really, really expensive, the more you add on, the fewer people there are.

So now you have your job description. It makes sense. You're ready to go. You've swallowed hard and understand the cost. I'll talk about that in a minute. Now, it's time to post the job. Guess what? Nobody applies if all you do is post the job. Nobody.

And for the most part, the people who apply because they saw it on the Web, you're not interested in. I mean, every so often you really luck out and pow, wasn't that lucky. You need to recruit. Do you know how to recruit? Hopefully, your human resource office knows how to recruit. Somebody needs to know how to recruit. You need to advertise. You need to network when you're here. You need to talk to people. You need to go to your local colleges. You need to know what the degree candidates coming out are interested in. You need to be doing that all the time. Because you know what? Everybody else is doing it. You wont' get candidates just from an advertisement. You'll get some, but you won't get the ones you really, really want. That's why every job can't be filled by a hot shot.

That's why you have to be really clear about which jobs require five degrees and the best candidate in the world, because it takes a lot of time to find that person. As I said in the beginning, you're always going to be marketing. So be sure you have your hip pocket reason why somebody should come to you. I can do it for Cornell. There's got to be a reason why someone wants to come and work for you. Be ready, and be ready to blow your own horn.

Talk about your vision for your organization. Talk about your great leadership team. Talk about your president. It's just like fundraising. You have to be marketing all the time. Know the markets in which you're going to recruit. If this is a heavily technology driven market, you have to be out in the technology field. Ask your information technology folks for help. If it's mostly an MLS job, you already know those markets well.

Now, here comes the hard part. You need to know before you go out what the competitive market pays for jobs like yours. You need to rely on your human resource office for this. They should be able to give you a competitive external market analysis for jobs. If they don't give it to you regularly, which we do, then you ask them for it. Give them the job and ask them to give you an external competitive market analysis so you know. If you're going to recruit nationally, you want a national market analysis. If you're going to recruit locally, you want it locally. But you have to know what the pay is going to be before you get out there and start to recruit. I'm assuming that you'll know those numbers better if it's primarily a library job.

Grow your own. Don't be afraid to grow your own talent. I would encourage you to think about a competency-based model for your job families. Do you know what it takes to grow up a job family? If you know your competencies, you can do things like move people laterally into the digital area.

Now, let's assume that you've found somebody. Good for you. Now, take them and hide them somewhere before someone else sees them. You have to be ready to hop on this really fast. Know those salaries. Be ready to negotiate. It does not work to say the hiring range for the job is $35,000 to $42,000, and we generally pay near the minimum. You have to be ready to negotiate.

(Laughter.)

Does that sound familiar? You have to be ready to negotiate. So you need to have set that up in advance. Bonuses are going to really help you. Hiring bonuses, retention bonuses, performance-based bonuses. And Jerry Baker is absolutely right. Even at the mid-level, you need to have pay for performance in place. Now, that isn't necessarily going to mean that you're going to get a wad of new money, it is going to mean that you have to manage the performance across the board to free up the money for your top performers. And they're going to want to know coming in that they have a shot for a reasonable annual increase or you won't keep them. And if you promise it and don't give it, they'll be gone right after that increase comes in.

Finally, let me talk very quickly about retention. Be aware of the culture in your organization. I thought it was very interesting in the program brochure for this meeting, you talk about the parallel systems libraries are running, print and digital. If you are still dealing with cultural issues and climate issues between those two, you need to get those addressed, because people coming in who have lots and lots of opportunities elsewhere are not going to stay in an uncomfortable environment. I don't mean to sound like an advertisement for the human resource office, but hopefully your human resource office can help you.

If you have a strategy for dealing with resistance to digital formats, there are a few things that will happen. It will make your organization stronger. You may also uncover some very, very good talent inside of the organization that were too afraid to speak up before, because there was kind of a right side and a wrong side—they were actually interested in digital, but they're on the print side, and they were afraid to say so.

So finally, these are very basic messages. Market your place, recruit actively, know your compensation strategy, and be aware of your culture as it relates to retention. Thank you.

RECRUITING FOR DIVERSITY IN RESEARCH LIBRARIES

Dr. Jorge R. Schement, Professor of Communications and Information Policy
Pennsylvania State University

[Paper and slides not available]

Dr. Schement presented data to describe and predict demographic changes in general as well as in the university sector of American society. He also described future graduate students, as this is the pool where research libraries typically draw many employees. Dr. Schement pointed out the constraints that research libraries will face because of a pool projected to be very small and urged the audience to think more broadly to recruit for the future.

STAFFING FOR THE DIGITAL ERA: QUESTIONS AND DISCUSSION

MR. KOBULNICKY: Do we have any questions from the floor?

MS. BUTLER (SUNY-Albany): I'd like to ask Dr. Schement, on the intriguing 28 percent difference in graduation rate between black and white students at Penn State. Are you doing anything to look at that in relation to the family income? It strikes me that that might be a significant variable.

DR. SCHEMENT: I should preface my response by saying I'm not a Pennsylvanian. I'm a South Texan. So when I moved to Pennsylvania, it struck me as a place like I'd never been. The ethnic differences are quite dramatic. It is a place of out-migration and has been a place of out-migration for about 60 or 70 years. And State College, where the main campus of Penn State is located, is about as inaccessible from any major metropolitan area as you can get.

The African-Americans who live in Pennsylvania don't live near State College. We think some of the issue is simply wanting to graduate at a main campus and arriving at this main campus and finding a very alien environment. And in some ways, I have found it a very alien environment. I'd never bought such lousy tortillas in my entire life.

(Laughter.)

DR. SCHEMENT: But on top of that, there is a cultural base which I'm discovering which is very rich in Germanic and Protestant Irish traditions which are very, very interesting. But I can see that a 19 or 20-year old kid from North Philadelphia who shows up there is going to find himself having to grapple with some issues.

Now, to Penn State's credit, I think they put a lot of money in trying to retain students. And they have moved to a concept of diversity which I endorse, specifically that diversity is as much about the coal miner's daughter as it is about the kid from North Philadelphia who thought he was going to be a great basketball star but now knows that he isn't.

MS. BUTLER: I guess my question is not specific to Penn State but rather that gap in the national averages as well. And it strikes me that universities have forgotten their voice in national policy about that economic difference.

DR. SCHEMENT: I'm just going to speak as one person. It seems to me that universities have been chilled in part by the recent debates surrounding diversity and affirmative action. And if they're finding their voice, I haven't heard it yet. But that voice has to be there. If we don't find our voices about a vision of what we mean by a diverse American society, we will have a diverse American society, but we might not be part of it.

MR. GHERMAN (Vanderbilt): This is a question for the first two panelists. I know of two CIO's in the last month who are either looking or have left their job. And it's primarily because they're offered impossible jobs with probably little support from their administrations or those administrations are not risk takers, yet they tell the people to take risks and make these changes.

It seems to me that retention of CIOs is an issue. They move so often. However, it may not be for career paths, but because they're put in situations that they can't function in. I'm wondering if you've found that to be true, too?

MR. BAKER: The frustration that the chief technology officer faces is his or her understanding of the reality of what it requires to have a first rate technology organization alongside a lack of understanding and/or lack of ability of a university president to meet those expectations. Literally, we are talking about millions and millions of dollars. We could fund an information technology organization larger than many colleges and universities in their entirety.

That is why I mentioned boards. Governing boards are getting more involved, trustees and regents. They have to. To use Mary Opperman's phrase, we are clearly going to have to think outside the box. I am finding more and more university people telling me I'm ready to move to the corporate environment. One, they'll double my salary. Two, they have the resources, because they know they have to have the resources.

There are too many institutions still trying to tape together technology organizations and get by with as little as they can, yet describe themselves as state-of-the art to incoming students, young faculty, senior faculty and administrative types. So I think we will see more and not less of this difficult situation.

MS. OPPERMAN: I agree and the only other comment I would make is that we are beginning to find that not just in technology. We find it wherever the organization is being put on the spot to make change, specifically change that requires risk and therefore requires the tolerance for failure which universities—although we all have it in our guiding principles now—do not deal with very well.

You are finding that heavy burn out is beginning to appear. So technology is one area, but there are others as well.

MR. WEDGEWORTH (Illinois): I want to thank Jerry and Jorge for their presentations. I'm always startled by any new data that Jorge brings to us. But I want to ask Mary a question. Could you expand a little bit more on the concept of growing your own talent, because these are fairly large institutions with fairly large student staffs and support staffs. But we haven't really found a lot of mechanisms for being able to develop our own.

If I came to you as the HR director of my campus, what are the kinds of things that you could tell me that would assist in developing a plan for growing more of our own technical people?

MS. OPPERMAN: I can try. I will say that for places interested in doing this, this is very exciting, because it weaves together solutions to a number of problems. It weaves together the solution to issues of staff turnover, staff morale, and allows changes in clerical jobs to reenergize people who are really dead ended now. If you're in a rural environment, you know, they dead end and they stay. And that causes a lot of turnover in the people who are coming in to try to make change.

So to the extent you can build or grow your own strategy, it really weaves together a lot of solutions. So if I were advising a unit that wanted to do that, the first thing I would say is you really need to understand the current skill sets. I use the term competencies. Competencies are shorthand. That's kind of jargon. It really means skills, the talents and the attributes. So it's more than just hard skills.

It's also the talents people have and the attributes they bring to the job. You need to have a good understanding of what you currently have there. And then you need a good understanding of what you need. And by doing a current assessment and a future assessment, identify the gaps. It's in the gap areas that you would provide specific training. And so, one of the failures in human resources has been to try to create training programs that run across a university because they skim across the top of the skill needs. You need to get inside of an organization going through change and really personalize those training plans. So once you know the gaps, my suggestion is that you get right down there and identify the stars, the people you believe can make the jump from where they are to where you need them to be. And then literally personalize training programs.

I would start with five and try to get five people from where they are to where you need them. And I would start with a clerical or a technical person, a lower level exempt, a professional person and maybe a couple of managers and see how they progress. You're going to need about a year or two depending on the gaps. That's what I would suggest. Start small but very, very personalized.

MS. CRETH (University of Iowa): I want to thank all three of you. I think you've thrown an important challenge out to us. And I guess I'd like to speak more to my colleagues. I've been in this field just short of 30 years, and this is not the first time we have talked about some very difficult issues around recruitment. We're at a different level of difficulty.

I want to mention a couple of things. It doesn't really help how well we market our libraries, our positions, our institutions if when we bring candidates onto our campuses, we don't treat them well. Remember, you usually have more candidates than you have that one person who is going to get the job. The people who don't get the job don't hear from you until after the announcement is put out on the network. Then they go out and talk about you. They're marketing you at that point. They're talking about our libraries. When you go out to recruit again, people have already heard—we live in a small community. And so, I think we've got to look at marketing on how we treat people, including those who are not successful in that particular job.

I also think that the job design issue is very important. We're academic institutions. We tend to have a little degree inflation. It's not that sometimes we don't need two degrees, an MLS and a subject expertise. We sometimes don't need the MLS. And when it comes to technical positions, we've pushed some of our technical positions down into the support classification levels, what we call merit positions. We don't require any kind of a BA degree, and we have some terrific people. They are home grown. They might go elsewhere in the university, but they're not as likely to be recruited by one of you to go to your university library or by industry.

I think we need to look at that job design and those inflations of degree requirements, then I think we need to keep talking about the need for good staff training and development programs. And what we do most of the time is talk about it.

It's time that we provide our staff with the technology to keep up that training, but also to bring people up, as Mary has said. We have got to stop expecting that we're going to locate people with all the skills and the talents and the expertise that we need. So I think you've given us quite a challenge.

I hope we can really talk among ourselves to find some ways to begin to address the challenge to find some, not just small ways to solve these challenges and problems, but some ways that will make a difference, including on the diversity issues. So thank you very much.

MS. OPPERMAN: Let me add just two specific suggestions for those of you who are looking to grow your support staffs. One is computer-based training. If you don't have it, ask for it, because it is a good way for people to get base-line computer skills right at their desks. And it's very good for people who have general phobia about computers. The second is consider a partnership with your local community college.

We actually have a formalized partnership with our local community college, and they do our skill-based training for our support staff right up on our campus. And it's been very successful. It's been slow to grow, but people are much more comfortable after 25 years of not being in a classroom to go to a program run by our community college than they are to go to one of Cornell's undergraduate programs with a group of 18-year olds.

MR. BAKER: Let me make one additional comment and emphasize again this marketing concept, particularly in the information field. As I have shared with the committees for several years now, the role of search committees is half analysis and evaluation of prospective candidates. But at least half the role is likewise marketing. I can't emphasize that enough—keep in mind that these men and women are not looking for jobs. They are in high demand.

They're well paid. They can walk across the street and get a meaningful increase. You need to be proactive in what you do. You can't sit and wait. I'm finding that more and more generally. I've done 175 searches in higher education. I have never, never had a placement from an ad. My clients spend thousands of dollars in the *Chronicle of Higher Education,* and the result is zipo. Be proactive in what you do.

When people ask me what I do as an executive search consultant, I'll often respond, "I interrupt people's lives." And that's what I do. To be successful in your various recruitment efforts, you're going to have to interrupt some lives. Get them interested in who you are, why you do it, why you do it well and get excited about what you're doing. You are marketers, and there is no field that's better than yours, the information field, where this needs to happen and must happen. I encourage you to be aggressive in what you do.

MS. BAKER (Washington State University): I've worked at six universities, and one of the things that's most frustrating is that it takes forever for us to do searches. The method by which we do recruiting for higher level positions is through search committees. It can take a year sometimes. And I'm just wondering how much of that culture of how we do searches is impairing our ability to find good people, particularly to bring people from outside higher education into higher education.

MS. OPPERMAN: You don't have a year.

MS. BAKER: That's right.

MS. OPPERMAN: The fact is that if you are looking at someone that other people are looking at, they'll all be gone in a year. So if your search process is extremely lengthy, you do need to have the discussion about shortening it. You can use committees and still have it be briefer. We've had to say things like here's the design of what the search committee is going to be doing. We're going to have you involved in designing the job, and then we're going to have you see the finalist.

MR. BAKER: What you really need to do is retain my firm.

(Laughter.)

MR. KOBULNICKY: As I listen to all the questions and comments, I'm reminded of the old saying, "What doesn't kill us makes us stronger." And then I start thinking about our culture.

(Laughter.)

MR. KOBULNICKY: Help me thank our panelist for a very enjoyable presentation.

(Applause.)

TRANSFORMING SCHOLARLY COMMUNICATION: PROVOSTS' PANEL

Convened by Jim Neal, ARL President

Good morning. We turn our attention this morning to the challenges of scholarly communication and to strategies for research library and university leaders to join forces to foster understanding and bring about a central change.

Last year, ARL and AAU hosted a meeting at Johns Hopkins. University presidents, provosts, librarians, publishers and researchers met under the aegis of the Pew Higher Education Roundtable. We met to discuss this crisis in scholarly communication, and several key issues were identified as a result of that meeting and captured in the report "To Publish and Perish." We confronted the issue of the imbalance in information price relative to value and costs. We discussed the time lag between authorship, peer review, publication and dissemination, as well as the imbalance of information authorship, ownership and proprietary rights. Perhaps most importantly, the Roundtable discussed the under-recognition of these conditions as important public policy issues. Several important conclusions were reached. What has for decades been discussed as a library problem must now be embraced as a concern of university and scholarly communities as a whole.

We must move away from what we call the gift exchange society that we have created. The corporate economy that has replaced a guild economy now encourages our faculty researchers to give away their intellectual property, while libraries at our universities buy it back at ever increasing prices. This is particularly problematic when so much of this research is being funded with public dollars through federal grants.

We are choking on the proliferation of publication and must find ways to focus increasingly on the quality and less on the volume of faculty output. Libraries must come together to more intelligently and collaboratively negotiate the purchase and licensing of scholarly publications. We face a very dysfunctional market where an expensive good at the institutional level is celebrated as a free good at the user level.

We must rethink the matter of intellectual property and the absence of financial interest for many universities in the retention of rights for use of publications produced by their own faculties. We must explore the location of quality marking and ways to separate publication from faculty communication and assessment. And finally, we must invest in new electronic scholarly publishing strategies. This is, clearly, a comprehensive agenda.

We are fortunate to have with us today two influential academic leaders who participated in the Pew Roundtable. They will assess the issues that I've outlined from the perspective of the research university provost. We will move to discussion after both speakers have finished their presentations but welcome any clarifying questions that you might have after the first speaker.

Our first speaker is Dr. David Shulenburger. He is Provost at the University of Kansas. His research and teaching areas are business economics and labor relations. Dr. Schulenburger has published extensively in these fields, and I'm told he teaches at least once a year and is the recipient of many campus awards. He speaks and advocates nationally on scholarly communication matters. He has recently spoken and worked with the University of Kansas Board of Regents and the Big 12 Provost. He has an impressive connection to the ARL community, having received his Ph.D. from Illinois and as a tuition-paying parent at Kansas, Northwestern, and MIT.

Our second speaker is Dr. Charles Phelps, Provost at the University of Rochester. Dr. Phelps has served as Director of Rand Corporation's program on regulatory policies and institutions, he was Director of the Public Policy Analysis program at Rochester and chair of the Department of Community and Preventive

Medicine in the School of Medicine and Dentistry. He has been associated with three professional journals and served for three years as a trustee for the Society for Medical Decisionmaking.

Dr. Phelps has published extensively, including his textbook, *Health Economics*. He is a member of AAU's Committee on Digital Technology and Intellectual Property Rights, and this past June provided congressional testimony on the WIPO Treaty legislation. Dr. Phelps has also been a strong proponent of the decoupling proposal. Please welcome our speakers.

MOVING WITH DISPATCH TO RESOLVE THE SCHOLARLY COMMUNICATION CRISIS: FROM HERE TO NEAR

David E. Shulenburger, Provost
University of Kansas

I begin with a disclaimer; this topic has occupied a significant part of my attention for only two years. Having just read the marvelous new book on this problem, *The Mirage of Continuity: Reconfiguring Academic Information Resources for the 21st Century*, edited by Brian Hawkins and Patricia Battin, I acknowledge those who have had this problem on their radar screens for a decade and understand it in extraordinary detail.

My perspective is that of the provost of a research university. We place high value on the library because of the obligation to preserve knowledge for the future and because of the instrumental value the library has both in educating our students and in making possible our contribution to the production of new knowledge through research.

As a provost I have to stretch our budget to address many needs. The library has not fared well over the last decade, even though it has maintained its share of the university budget. That constant budget share has permitted the library to purchase a declining proportion of the scholarship that has been produced. In fact, in order to purchase the same proportion of published serials and monographs that we purchased a decade ago our acquisitions budget would had to have increased by 250%. Instead, our university budget and library acquisitions budget has increased only about 50%. I do not know of any university with sufficient increases in its budget over the past decade to hold constant the proportion of the world's scholarship purchased by its libraries. More narrowly, I do not know of any university that in the past decade had increases in its acquisitions budget sufficient to buy even the same number of serials and monographs it bought a decade ago, much less keep up with the tide of new scholarship.

I became actively involved in the scholarly communication crisis because the KU faculty became alarmed by the annual notice that some serials would have to be canceled and because fewer of their requests to purchase new serials and monographs were granted. Faculty alarm grew as a lack of access began to limit their ability to access published research and even to assign readings to graduate students. We responded as you did, with increased funding, increased interlibrary loan activity, cooperative buying ventures, use of electronic document delivery, and so on. But these responses were palliatives, not solutions. Access to scholarly communication is being limited by the explosion in cost and increases in sources available.

The natural reaction to such limitations on our campus was for some faculty to blame the librarians. Of course, faculty soon saw past this, for they knew that if the library had enough resources it would accommodate their requests. So the focus quickly shifted to "blame the Provost." After a few years of the librarians' work to explain the issues and my speaking on a piecemeal basis about the nature of the problem, I chose to discuss it in our Fall 1997 opening faculty convocation. Key to any success was defining the problem confronting us. It is not "the library problem" or "the Provost's problem" but "the scholarly communication problem." The address was effective. KU faculty are now generally aware that extraordinary costs of scholarly communication must be controlled and new vehicles must be created to access and preserve the burgeoning volume of available scholarship if we are to maintain access to important scholarly information.

Having said that, I must admit that I did not deliver a panacea. I merely helped faculty understand the parameters of the problem and suggested some efforts they could take individually as well as through their scholarly organizations to keep the problem from growing worse.

It is time we do focus on panaceas, for this crisis is growing to the point that scholarship and education will be damaged significantly if we do nothing.

I shall limit my remarks about a solution to the scholarly journals portion of the problem. While scholarly journals are not all of the problem, they are the most acute part of it. ARL statistics show that the unit cost of scholarly journals climbed 169% from 1986 to 1997, while monographs went up 62% and the CPI went up 46%. Surely a cost increase nearly quadruple that of the general level of prices warrants our attention.

If we are to keep scholarship available in our libraries we must assert that, at some point in time, all of it must become part of the public domain. We must then establish a way to make that material permanently accessible to scholars and the public in a useful fashion.

I no longer believe solutions that fail to deal with the ultimate ownership of scholarly communication, i.e. copyright, are viable. I have reached this conclusion because I believe in the market. What the market is telling us now is that the scholarship published in many academic journals has real economic value. While it is fashionable to characterize all scholarly journal articles as "seldom read" and "of primary value only in negotiating the academic credentialing game," the truth is far different.

Some commercial publishers of academic journals in science, technology, medicine, and lately the social sciences, have demonstrated the economic value of scholarly journals by raising their prices at rates far in excess of the cost of producing them. We know they raised prices faster than costs because this area of publishing has become extraordinarily profitable. Our individual efforts to combat these cost increases by canceling those journals that were inordinately expensive on a per-use basis has not affected their profitability. This is further evidence that scholarly journals contain something of real economic value. Even if the rates of increase in prices do finally decline, this does not show that publishers have ceased to exploit the value of journal contents. Even monopolists do not forever raise prices at a higher rate than do competitive producers. The difference between competitively organized markets and those that tend toward monopoly is the level of prices and volume of products produced, not the continuing rate of increase in prices. What we need to make scholarly communication affordable is a reduction in price back to competitive levels, not a reduction in the rate of price increase.

I would be more sanguine about solutions other than those that deal with copyright ownership if I believed that many non-profit scholarly associations would continue to ignore the market worth of the material contained in their journals. Recent evidence is that they are cognizant of the worth of scholarship and are beginning to exploit it. The data I present in support of this view is for journals purchased by the University of Kansas Libraries. I consider this data representative of other ARL libraries because we have an extensive journal collection and past unit acquisitions cost increases have mirrored those averages published by ARL for all member libraries. At KU, from 1994 to 1998 the unit cost of journals published by not-for-profit publishers went up by 34.16%. While this is sharply lower than the 56.63% increase of the for-profit published journals in our collection in this same period, it is dramatically higher—three times higher—than the 10.58% increase in the U.S. Consumer Price Index for this same time period.

From these data I hypothesize that some not-for-profit scholarly societies have learned that they have something of great value to sell and are rapidly beginning to convert that value into greater financial support for their societies. I take little comfort in the fact that they have not yet gone so far as their profit-making brethren. I fear that if society members were now faced with the choice of raising dues or paring back their organization's human and physical infrastructure in order to make scholarly material more accessible to scholars, that they would choose to leave journal prices high.

Indeed, it is because of the demonstrated economic worth of material contained in many scholarly journals that I do not subscribe to the popular notion that a cure for the scholarly communication problem is for universities to cease evaluating scholarship by counting a faculty member's publications. In addition to overlooking the reality that quality universities do not evaluate quality "by the pound," such a notion ignores the fact that universities are not the only entities who profit from the research results contained in scholarly journals. Great universities must be about encouraging the generation of knowledge through research and the spread of that knowledge through publication. Any institution that evaluates a faculty member on volume of publication without considering the quality of that work does not deserve to be considered a university. Thus I vigorously reject the notion that in an expanding age of knowledge, reduction of the quantity of scholarship published is a viable solution.

Even if we were to somehow reduce the rate of increase in prices of existing journals, the birth rate of new journals is so high that we still could not afford to buy even a large number of them. While many new journals do not merit acquisition, others are of high quality and constitute the sole access to scholarship in some very narrowly defined academic fields. Failure to add the latter journals to the collection will cause specialized scholars and their students to lose timely contact with their most important scholarship. A viable solution must deal with both the problem of price increases for existing journals and the rapidly expanding number of new journals.

The Proposal

My proposal is simple: We must find a way of requiring that when a manuscript prepared by a U.S. faculty member is accepted for publication by a scholarly journal, a portion of the copyright of that manuscript be retained for inclusion in a single, publicly accessible repository, after a lag following publication in the journal. While the devil is in the details, the details are not important to the principle of my proposal. Moderate alteration of the details I will describe would still leave my proposal a viable solution to the problem we face.

At present, essentially all scholarly journals require that all rights to copyright pass from the author to the journal when a manuscript is accepted for publication. In this proposal, only the exclusive right to journal publication of the manuscript would pass to the journal. The author would retain the right to have the manuscript included in the National Electronic Article Repository (NEAR) ninety days after it appears in the journal. By federal law, by funding agency stipulation or by contractual agreement with the university employer, the faculty member's published article would be transmitted to NEAR upon its publication. NEAR would index manuscripts by author, title, subject and the name of the journal in which they appeared. (The electronic form would be searchable on many more dimensions.) NEAR would see to it that articles are permanently archived, thereby assigning responsibility for the solution to another problem brought to us by the electronic age. NEAR could be funded by universities through "page charges" for each article included in the Repository, by federal appropriation, by a small charge levied on each user upon accessing articles or by a combination of these methods.

I do not expect that this plan will generate substantial opposition from faculty members as it guarantees them access to all scholarship published by U.S. faculty members wherever they happen to be located or employed. The proposal by its universality addresses the existing fear that any attempt by faculty members to withhold any part of the copyright will lead journals to reject manuscripts. If the requirement to withhold a portion of the copyright for purposes of having it included in NEAR were ubiquitous in U.S. universities, no journal, domestic or foreign in origin, would cut itself off from the possibility of publishing all work arising from U.S. faculty. Thus no U.S. faculty members would need to fear that their manuscripts would be rejected because of partial copyright retention.

Of course, much scholarship is generated outside of the academy and by scholars abroad. If journals find that the work of U.S. university authors must appear in NEAR, surely they would find little reason to oppose inclusion of all their articles in NEAR. The current U.S. Government requirement that only a portion of copyright of articles authored by its employees be surrendered surely would quickly be modified to require inclusion of such articles in NEAR. Employees of private firms commonly must receive clearance from their employer before they publish an article based on their work. It would seem reasonable that once one decides that something a firm paid to produce can be published, granting wider exposure by including the article in NEAR would be acceptable. Thus, it is reasonable to expect that work published in U.S. journals by international scholars or by government or private scientists would be included in NEAR.

Journals now generally have exclusive ownership of the copyright to manuscripts they publish nearly into infinity. Under my proposal, this exclusive ownership right would be truncated to a period of ninety days. While 90 days is arbitrary, in my view, it is enough time to leave sufficient value with the journals. Journal subscribers will continue to pay for more timely access to information. But free or low cost access after 90 days would surely depress the extraordinarily high prices now charged by some journals and curb the publishers' ability to increase those prices seemingly without limits. Since all scholarly journal articles would pass into the public domain in 90 days, individuals, libraries, agencies and businesses would choose to subscribe only to those journals where timely access justified the cost. I suspect that with reasonable pricing most journals would pass this test. Similarly, new journals would be free to spring up, but their impact on library costs would be tempered by the reality that the material they contain would be available through NEAR 90 days after publication.

In response to proposals that bear some of the elements of this one (for example see Bachrach et al. in Science, V. 281, Sept. 4, 1998, p. 1458), scholarly journals often proclaim that they add value through their refereeing, editing, printing, etc., and therefore deserve to reap the fruits of their efforts by retaining exclusive rights to articles. I do not deny that journals add value. Furthermore, I believe that any solution that attempts to eliminate journals would do scholarly communication a great disservice. In my field, the title *American Economic Review* tells the reader a great deal about the quality of the articles within. In an age with more information available than time to read it, every screening aid of this nature is valuable. What I do deny is that journals are entitled to all the value of an article. What they are entitled to is the value that their refereeing, editorial and publishing processes added. As I illustrated above, both for-profit and not-for-profit publishers are raising prices far more rapidly than their costs are increasing in an effort to gain all the economic value in the articles that they publish, not just the value added.

Without universities that pay the salaries and contribute the space, supplies and equipment to scholars, much less new knowledge would be generated. Universities receive the funds to make expanded knowledge creation possible from all levels of government, as well as from foundations, private contracts and tuition paid by students. The majority of the value added by universities comes from these sources, and it is time that an appropriate portion of this value be claimed on their behalf to ensure future creation and transmission of knowledge. This proposal returns the appropriate proportion to universities while allowing others who have marginally added value to be compensated for doing so.

How do we get from here to NEAR? An easy solution would be the passage of a federal law requiring that the work published in scholarly journals by U.S. university faculty members be deposited in NEAR within 90 days of the date of its publication. A variant would be to require that all work arising out of federally funded research and subsequently published in a scholarly journal be deposited in NEAR. I would welcome the former and cannot envision any serious political opposition to the latter. NEAR, of course, would have to be created by the same legislation. Federal agencies, as a condition of research grants and contracts, could also require the deposit of resulting articles in NEAR.

Alternatively, an organization like ARL, AAU, NASULGC, the Library of Congress or a private foundation might establish NEAR. Then, university by university, we would have to pass copyright ownership policies that require deposit of journal articles in NEAR. We in Kansas are moving in this direction in the hopes that such a vehicle will soon be created. The intellectual property policy that will be considered by the Kansas Board of Regents in October and November includes the following:

"Upon the establishment of national governmental or nonprofit entities whose purpose is to maintain in an electronically accessible manner a publicly available copy of academic manuscripts, the Kansas Board of Regents will review each entity and upon determination that providing the manuscripts will not jeopardize the publication of articles or infringe on academic freedom, require the creator(s) to provide the appropriate entity a limited license for the use of each manuscript"

I add this proposal to those already on the table. There is room for multiple approaches. Separation of review from publication is compatible with this proposal and the experiment with that concept should continue. The very admirable SPARC project of ARL has the possibility of quickly addressing cost problems in specific areas and also deserves support. But any proposal that does not guarantee the ultimate right of the academy to inexpensive and open access to the scholarly communication it generates will not solve our problem. We must deal with the thorny problem of copyright ownership. I believe I have outlined a proposal that does so while protecting the legitimate rights of all who make scholarship possible.

Please evaluate this proposal and either help perfect or reject it.

Finally, let me thank ARL for its constant effort to draw attention to this problem and for helping to shape solutions.

ACHIEVING MAXIMAL VALUE FROM DIGITAL TECHNOLOGIES IN SCHOLARLY COMMUNICATION

Charles E. Phelps, Ph.D., Provost
University of Rochester

Thanks to Ron Dow and John Vaughn for comments on previous drafts.

I. Our Goals and the Origins of Our Problems

Research universities and research libraries obviously share common goals, namely the support of the production and dissemination of knowledge, i.e., teaching and research. As digital technologies emerge and become more prominent in the worlds of higher education, we all grapple with a series of issues that these new technologies create or emphasize. Our universities and the libraries within them—and also our offices, dormitories, and classrooms—require massive investments in infrastructure to allow optimal use of other digital resources we put in place. As a simple example, the new Voyager electronic catalog and search engine capability we installed at the University of Rochester has much wider value and use because we have also installed the ResNet, a system bringing Internet connections to every dorm room, so that students can use important library resources directly from their dorms.

However, we have just begun to scratch the surface in our understanding of how digital technologies will affect our world. Perhaps in no area is this more true than in the realm of scholarly communication, a world where librarians and provosts alike bear the brunt of faculty concerns as the annual budget process precipitates yet another round of requests to slash subscriptions to scholarly journals, denials of requests to acquire access to new databases, and reduced budgets for acquisition of monographs. Librarians are continually asked to provide more and more with less and less effective buying power.

The pressures on library budgets come from several directions. Dave Shulenburger, Provost at the University of Kansas, has eloquently documented how costs of journals increase at a rate that far exceeds the rate of inflation.[1] Some institutions are providing detailed information to their faculty about the costs of journals to heighten awareness and assist faculty in decision making about journal subscription cuts. For example, UCSD's web site[2] gives the cost per page for every journal in a specialized (oceanography) library, ranging from a high of \$3.93 per page[3] to a low of \$.03–\$.04 per page.[4] Wisconsin's librarian Ken Frazier has demonstrated large differences not only in the cost per page of publications, but more importantly for us, the costs per use.[5]

Second, as a natural consequence of the expansion of the knowledge-producing industry around the world, new journals in new fields and in sub-specialty fields proliferate like mushrooms in the forest. This is a predictable outcome of our successes in academia, and should come as no surprise. Adam Smith, perhaps the most famous economist of all time, tells us why: "Division of labor is limited by the extent of the market." On the frontier, we are all Jacks and Jills of all trades (and masters of none). As the population expands into cities, we specialize, and production becomes more efficient as we do so. The development of knowledge follows the same path: As the scope of knowledge expands, specialization and sub-specialization follows naturally, just as Adam Smith told us it would. So we create more sub-specialty societies, more sub-specialty journals, and more demands on library acquisition. Faculty members in our universities naturally want not only the general journals in their field, but also the pertinent sub-specialty journals that pertain to their own interests, and often in which their own work is published. And we create more graduate students who further extend the frontiers of knowledge and the degree of sub-specialization. I know of no field of knowledge that has not experienced a general pattern of expansion in scope, increased sub-specialization, and proliferation of learned societies and specialty journals that follow.[6] Of course, while every scholar applauds the expansion of knowledge, universities and colleges grapple with the fiscal consequences of this expansion. We look to the realm of digital communication as a way of helping to resolve the conflicting goals of expansion of knowledge (and communication thereof) and the cost consequences of the increasing journal publications that follow this knowledge expansion.

Added to these events we now find new technology—computers and their related accessories of printers, modems, scanners, and of course the emergence of the World Wide Web—that offer the potential for completely transforming the way scholars learn, research, communicate, and teach. But these new technologies have, at least to this point, added to the financial burdens of universities and libraries, not reduced them. While the costs of computing continue to fall at astonishing rates, the expanding capabilities of computers have made them ubiquitous, and we can now do things with computers in our work that were unheard of even as recently as a decade ago. But these new opportunities are so enticing that we rush to employ and enjoy them, and indeed, competition for faculty and students virtually forces us to keep our technologies current, both in the library and elsewhere in our universities. As a result, both for equipment and staff, electronic media add to our capabilities and costs, rather than simply replacing older, less efficient technologies of communication and transferal of information.[7]

While early versions of electronic journals (e-journals) simply replicated the purposes of paper journals (often less elegantly), it has now become clear that (as computational power at the desktop continues to increase[8]) the new digital media provide opportunities to expand the ways in which information can be communicated in digital formats. The ability to include detailed graphics and (a capability that print media can never produce) "movies" of events, speakers, or even time-varying simulation models offers a way to communicate the results of scholarly work in ways never before achievable. Ultimately, the attractiveness of these capabilities will make the use of digital media almost universal.

Combining all of these forces—rapidly increasing journal prices, proliferation of new scholarly journals, and the additional costs of electronic technologies adding to our budgets—most research libraries and their university parents find themselves in a cost crunch that demands ever-increasing attention. The remainder of this paper discusses steps we (as the community of higher education) are taking to resolve these problems.

II. Internally Focused Solutions

In many ways, much as in the old Pogo cartoon, we can say that "We have met the enemy, and they are us." A recent paper appeared on another subject with a title that exactly describes our circumstances here: "We Have Circled the Wagons—Should We Shoot In or Out?" Our problems, and possible "internal" solutions, are discussed next.

Acquisition Practices

Some universities have mechanisms for determining which journals our libraries purchase that have imperfect links to the academic enterprise in our universities. In most cases, the bibliographer knows the field well and works consultatively with the relevant faculty, but even then, the financial incentives might work against the overall good of the university. Some journal subscriptions might exist only because a faculty member, now retired, once requested that the journal be ordered. Faculty embarking on new fields of research may seek subscriptions to an entirely new set of journals for a library, possibly even financed by an external grant for a few years, that eventually add to the acquisition budget. Active review might weed out some of these, but only recent budget pressures on acquisitions have forced a careful rethinking of acquisitions, and even then, seldom going to a true "zero based budget" approach.

We have almost no capability of measuring the true patterns of use of journals in our libraries, but rather can only measure occasions when a bound volume is checked out. We cannot observe either when a journal article is read completely within the confines of the library or (using copiers within the library) when a journal article is duplicated (as is allowed under fair use) for later analysis by faculty or students. It is entirely possible that numerous journal subscriptions continue in our libraries with no readers, either current or potential. Perhaps most importantly, our acquisition decisions are often made by staff in our libraries based on limited understanding of the research interests of the faculty or the importance of various journals in the field. One important issue for all research universities is to create decision mechanisms that not only bring the potential users of journals fully into the decision, but also to provide appropriate financial links between the recommendations of the faculty and the resources they have at their disposal for journals, monographs, data sets, computers, travel, graduate stipends, and all other academic activities that they value.[9]

Ownership vs. Access

In earlier eras, libraries had to own a document in order for users to be able to have access to it. When the library at Alexandria (perhaps only mythically) contained all of the written knowledge of humanity, this was not an issue, but it certainly is now. We face multiple issues here. First, our own faculty need to become more aware of the costs associated with ownership, and begin to own the decisions about tradeoffs between immediate access to a smaller set of material versus a perhaps slower access to a much larger set of material (e.g., from interlibrary loan and consortial planning of journal subscriptions). We have made great strides in our ability to link resources across universities and colleges, but I conjecture that few of our faculty fully understand the nature of the tradeoffs involved.

Second, the criteria by which libraries have been evaluated contain problems in their ability to comprehend and evaluate the distinctions between ownership and access. ARL's rating system for research libraries provides positive scores for owning periodicals and monographs, for acquiring new periodicals and monographs, and for staff size and salary, but it does not "reward" consortial access, improved electronic search capabilities, the ability to expedite interlibrary loans, for access to back issues of journals through such capabilities as JSTOR, or entry into electronic data bases. I recognize that these are difficult problems, but at the same time I believe that—at least on the margin—decisions about resource use within research libraries are distorted by these formulaic approaches to evaluating libraries, even though the ARL index was designed for a different purpose (membership choices) than as a ranking of libraries. The truth is that it is sometimes used as a ranking device, and affects behavior accordingly.

Evaluation of Individual Faculty, Departments, and Schools

Unfortunately, there remain pockets of academia where scholarship is evaluated by the pound rather than by its quality. I know of major research universities where schools within them have fixed criteria for numbers of journal publications before a person will be recommended for tenure. The review processes of major governmental funding agencies (NIH, NSF) have limited (e.g., to two pages per investigator) the length of the researcher's publication list that can be included in a proposal, which helps some, but there still remain major incentives to increase the number of publications. Even the prestigious National Academy of Science evaluation of the quality of doctoral programs[10] contains indexes of the number of publications per faculty member, as well as the more pertinent number of citations per article. A few universities have adopted approaches that get away from this problem, for example, by seeking only five articles chosen by the candidate for tenure that will be used in the evaluation. This has the important (and to some, unhappy) effect that reviewers of the material actually have to read the manuscripts, rather than just counting publications on a CV.

Property Rights to Intellectual Property

Perhaps the most important aspect of this problem is that we, as universities, have totally abandoned any property rights to the work produced by our faculty. Our faculty produce the scholarly work that the journals publish, they provide the editorial boards and referees that evaluate submitted manuscripts we buy and make available the journals when they are published, and take responsibility for archiving and providing access to the body of scholarly work.[11] In short, the large bulk of the published work—and almost all of the intellectually important work in the world of scholarly publication—is undertaken by our faculty, yet they routinely turn over all property rights to the publishers of the journals in exchange for benefits of publication. Our ability to use this work in our own teaching and scholarship through "fair use" laws is somewhat limited, such as (for example) even using work we have originally authored in "course packs" for our own students often requires a copyright fee.

The certification implied by publication is by far the most important benefit, in my view, in addition to the editorial improvement, as well as the distribution achieved by physically publishing and mailing copies of the journals. As David Shulenburger has detailed in a companion discussion to this work (see note 1 regarding his NEAR proposal), there appear to be significant and—importantly—achievable and acceptable modifications to the usual total assignment of property rights that would help shift the balance of benefits and costs more to the institutions of higher education that produce the original work. The issue is not whether the journals provide valuable services—they do without question—but rather if the terms of trade are appropriate.

III. Externally Focused Efforts

In addition to the internal steps that institutions of higher education must take to help resolve these problems, a number of externally focused approaches are now appearing on the scene that each hold important promise for helping to resolve part of the problems we confront. I wish to be clear that none of these efforts is intended to solve these problems alone, nor should we expect them to do so. It is also important to note that, in general, the efforts and ideas now appearing on the horizon mutually complement each other, rather than standing in conflict. Indeed, some cannot work without the presence of others.

To understand the role of the various efforts now underway, we need to review the functions performed by the current system of journal publication. These functions are so linked together in people's minds that they often find it difficult to think of separating them, yet it is precisely the new capabilities provided by digital technologies that allow us to consider their separation. The key functions performed by old "paper" publication processes include:

- evaluation and certification of quality
- editorial improvement
- distribution
- indexing and search
- archiving and retrieval

Every discipline contains within it a hierarchy of scholarly journals, well understood within the field, such that the journal in which a manuscript is eventually published contains important and reliable information about the quality of the work. Authors understand this hierarchy, and normally begin their submission process by aiming a manuscript at a high quality journal, perhaps stretching a bit in quality. Serial rejections and re-submissions eventually lead most manuscripts to find a home in some journal, sometimes in the fourth or fifth iteration. Where it lands signals its quality. Virtually the entire editorial process to accomplish this important step is carried out by faculty of the major institutions of higher education in the US—our faculty—serving either as editors, editorial associates, or referees, a point to which we can later return.

Once a manuscript is accepted for publication, a round of editorial improvement takes place (which has indeed begun during the prior review process). This involves both academic editors' input and technical "editing" to bring the manuscript into compliance with the journal's standards of quality and appearance. Most of this work, and the subsequent typesetting and proofreading, primarily involves technical staff paid by the journal.

Upon publication, journals are distributed to individuals and libraries (subscribers) who have paid for the right to acquire a copy. The US Postal Service subsidizes this process through low cost postal rates for educational material.

Libraries receive and catalog these journals, bind them into annual volumes at the end of the year, and these catalogs form one basis for scholars to learn of possible valuable sources of material for their own research.

And finally, by controlling the environment, replacing missing or defaced copies, and general protection of the resource, the libraries of our colleges and universities collectively provide the method by which archiving and retrieval of journals takes place.

Any system relying on electronic media to replace paper journals must replace each and every one of these functions with a process viewed at least as desirable by the faculty carrying out the research involved. If the system fails on any of these accounts, the natural consequence will be that scholars use the new medium and in addition submit their manuscript to a traditional journal. This is not to say that every addition to the world of scholarly publishing need carry out all of these functions, but rather that the collection of new additions must reliably provide this set of functions before the previous system will be given up.

Publishers of traditional paper journals realize that they have in their hands an enormously valuable property—the intellectual property rights (copyright) to the scholarly work that they publish. This property right has become increasingly valuable as the world of digital information increases in its scope, including the ability to communicate, exchange ideas, search databases for resources and references, and the like. The very production of Ph.D. trained scholars who carry out research has accumulated through the decades since sputnik in a process that pushes much further into the hierarchy of academia the demands for high quality resources to support scholarly work, further adding to the demands for journals and related material. Publishers of journals, both for-profit and not-for-profit (mostly, in the latter case, learned societies) have taken advantage of this increasing demand by raising prices at rates that, at least in some cases, far exceed increases in costs. David Shulenberger's work shows that in recent years, for profit publishers have, on average, increased their prices at a rate fourfold that of inflation.

Cost-Affecting Responses

Many ideas have emerged in higher education to deal with these increases, some helpful, some harmful, some nearly suicidal. At the suicidal end of the spectrum lie formalized policies from some universities that their libraries shall automatically receive budget increases necessary to match price increases posted by journal publishers. One might as well put on a deer costume and go out in the forest during hunting season! This simply invites publishers to raise prices without constraint, and if every college and university in the US followed these policies, publishers would drive prices to levels that we would need telescopes to find. At the opposite extreme, some universities have informed specific publishers that the total spending on their journals is fixed by current spending, so that if they raise prices, subscriptions will be canceled so that publishers' revenue remains fixed. Since the marginal cost of an additional copy of the journal represents a trivial amount of the overall costs of production, this has the potential for stemming publishers' price increases, particularly if the policy was more widely adopted.

Another innovation that both promises to stem costs and to improve access is the emergence of collaborative arrangements of various sorts. These consortia develop a common catalog, facilitating inter-library exchange, and at least offer the promise of reducing the multiplicity of copies purchased at every college and university.[12] In addition, numerous regional buying consortia have emerged to capture scale benefits in purchases of both hard copy and electronic database information. There remains a major educational effort with faculty of our higher educational institutions about the benefits and costs of using such services.

Fundamentally, however, the issues of journal pricing can only be resolved by systematic and widespread introduction of vigorous competition into the world of publishing, competition that has not emerged until recently in part because the producers of scholarly manuscripts (faculty) and their institutions (universities, both individually and collectively) have left the world of scholarly journals entirely to other entities, both commercial and not-for-profit (learned societies). One key to understanding this is the degree of specialization that has naturally emerged within academic disciplines and consequently in journal publications. Sub-specialization commonly leads to creation of a "field" that can only meaningfully support one journal. There, the commercial interests of the publisher coincide with the academic interests of the scholars. Once a sub-field is established, if the volume of scholarly work increases to the point where it could support two or more journals in the same field, the most likely response will have the original sub-field divide into two or more sub-sub-fields, each with their own journal. The scholars find this appropriate because it focuses their attention on a more limited spectrum of journals, and they also find more ready publication of their work in more highly specialized journals. The commercial aspects of publication also embrace and support this outcome, both through the natural economies of scale of journal publication and also because of the de facto monopoly position that this creates for the journal.

Particularly the commercial sector has made strong and successful efforts to expand the realm of journals that they publish and control, and have succeeded through time in establishing an intellectual stronghold in our worlds of scholarly communication by creating excellent editorial boards, attracting (in part, through lack of viable alternatives) our best scholarly work, and hence staking out the high ground in the intellectual hierarchy of our disciplines. Having achieved that high ground, they are now in a position to exploit the economic value of that reputation, and they do so by raising prices far above production costs, making journal publishing a highly profitable enterprise. They have also succeeded in stifling competition, not only through provision of excellent support for the editorial boards that they have recruited (often the best minds in the field) but also by tactics such as requiring five year non-competing clauses of editors who sign on, or simply by buying the competition.

Ultimately, to introduce effective competition into the world of scholarly publishing, the institutions of higher education must either separately or collectively create effective alternatives that serve all of the functions now provided by print journals, and make these alternatives at least as attractive to scholars (both in their roles as author, referee, and editor) as current journals do.

Effective components of successful competition need not each provide every function now performed by paper journals. New digital technologies allow the decoupling of these functions in ways that make entry into the market easier and cheaper. We must take full advantage of these new technologies wherever possible.

Electronic Journals

One obvious medium of competition comes through electronic journals. Electronic journals arise at a phenomenal rate. Thousands now exist in various format and degree of formality, some as replicas of paper journals, but many as entirely new vehicles for scholarly communication. These can and often do serve the same functions of paper journals, as outlined previously. However, these journals are often viewed with suspicion by authors and their colleagues, either because the portfolio of authors or the editorial board is less famous than those of competing print journals, or because they distrust the permanence of the system (ephemeral archiving), or both. Indeed, access to some electronic journals is bought on a year by year basis, so that the subscription must be continued indefinitely in order to maintain access to earlier years of the journal's history. Put differently, some of these journals do not sell access to previous years' archived work separately from the current-year subscription.

ARL has introduced an innovative system to encourage electronic journals known as SPARC.[13] This endeavor offers an important and promising vehicle to introduce further competition into the world of scholarly publishing.

Dissemination, Retrieval, Searching, and Indexing

New electronic media improve on some of the functions that paper journals perform, in some cases, hugely. "Servers" such as the system operated at Los Alamos National Labs by Paul Ginsparg, initially for high energy physics, and now for a wider spectrum of physicists, provide almost instant access to new material for scholars around the world; and the capacity to search not only on title, author, keywords, and abstracts, but on whole text, provides massive improvements in the ability to find relevant information for scholars in fields served by these resources. While initially limited to pre-prints, this resource now carries, in most cases, copies of manuscripts identical in content (if not format) to those published by the journals.

Existing paper journal publishers clearly recognize the threat from this environment. Some threaten to withhold consideration of manuscripts that have been previously posted on web servers, invoking rules against publishing material that has been "published" previously. The ability of a journal to succeed in this strategy obviously depends on its position in the academic hierarchy: The most sought-after journals are more likely to succeed, since achieving publication in those journals confers important prestige upon the authors. Publishers have also tried (but immediately failed, at least in the case of the Los Alamos server) to deter use of this system as a competitor to their own services by insisting upon removal of a manuscript from the e-server once it is accepted for publication, or (in a later fallback strategy that also failed) actually printed. The Los Alamos server succeeded in breaking these rules because it was in such widespread use within the community of high energy physics that carrying through with the threats would have eliminated all source material for the paper journals.

A proposal from Jane Ginsberg, a law faculty member at Columbia University, would offer the same capability for a much wider array of disciplines. This proposal, known as HYPATIA (after an early Egyptian philosopher, mathematician, and astronomer) has not yet been implemented.

JSTOR and related servers now actively provide access to electronic versions of material previously published in paper format. Any of these generic retrieval functions can be served either directly from a file server or through dissemination of archival technologies (such as DVD).

Ultimately, the permanence of these digital resources remains a concern to some scholars. Some view the matter as trivial, arguing that multiple copies (mirrored sites) provide effectively guaranteed backup of any particular digital resource. Others note that the changes in computer technology that inevitably occur, including shifts in the basic processors, operating systems, and storage media create a systemic problem for archiving. Anybody who questions the importance of this matter might try to find a computer that still reads a 5.25" floppy disk, let alone simply trying to read more modern media (say, 3.5" disks) written in older versions of current software. (Few people realize this, but even such widely used software as Microsoft Word or Corel's WordPerfect are not necessarily backward compatible across versions, particularly for preserving important information such as formatting and spacing.)

Various scholarly groups, including ARL and the Council on Library and Information Resources (CLIR)[14] have important efforts underway to learn more about issues of archiving in the digital age and to disseminate information that has become known.

Decoupled Certification

Ultimately, many observers of the process of scholarly publication feel that the most important step in achieving effective competition for existing journals is to create an alternative mechanism to provide the refereeing/certification process now provided uniquely by the editorial boards of print (and occasionally, electronic) journals. What has become apparent is that digital technologies allow the complete separation of the certification process from the other publication processes (distribution, indexing, archiving). Thus, the Digital Networks and Intellectual Property Management committee of the Association of American Universities (AAU) has begun a series of discussions designed to learn how to bring into existence a set of editorial boards that will perform only the refereeing function, leaving to other mechanisms the distribution and archiving. Whether this approach succeeds or not remains a completely open question.[15]

The potential advantages of decoupling appear in several areas. First, it may introduce more competition into the business of journal publication, especially in more highly defined sub-speciality areas where scale economies preclude the introduction of a new paper journal. Put simply, it is easier and less costly to just engage in the certification process than to do that plus undertake the subsequent publication process itself. Second, it will encourage scholars to use digital media for communication (once having achieved the desired certification of quality) as their final method of "publication." This will both enhance the shift towards electronic communication and—as a secondary consequence— reduce the reliance on the paper journal world, and ultimately the acquisition costs of libraries. I wish to be clear here that the process envisioned in AAU discussions relies completely on supporting the development of various "certification" or editorial bodies, but does not envision that the AAU or any other single organization would actually undertake such work. The goal here is not to establish a "monopoly" certification agency, but rather to support and encourage numerous groups to engage in such work in their own fields.

Despite the potential gains from achieving independent (decoupled) certification, some important issues stand in the way of successful introduction of this approach, including (a) finding mechanisms to support the costs of operating editorial boards (and refereeing systems); (b) inducing credible and "important" figures to serve as editors in this role, rather than in one leading to ultimate publication; and (c) finding parallel mechanisms to provide the other journal-like functions of dissemination, indexing and search, and archiving.

On the last of these points, a variety of mechanisms appears feasible. Easiest and lowest cost is for authors of manuscripts to post their work (in a locked and electronically certified version) on their own web site, so that the editorial board doing the certification can produce a virtual journal by simply posting a table of contents with links to the appropriate web sites. The problem with this, of course, is the ephemeral nature of the postings and links: Any user of the Web commonly finds broken links or sites that no longer exist, and the tracking and updating of these links (and maintenance of functional copies of the manuscripts) is not a casual undertaking. This single concern for lack of permanence makes Web-posting alone an unlikely permanent solution to the problem of scholarly communication, although it may well serve as a good "first step" in the process. The other important issue is that the current journal editorial process does provide for valuable improvement in the quality of scholarly writing, through editorial work, style and format improvement, and the like. Some fields find this more important than others, but any world of future electronic publishing may well involve some form of editorial improvement (before certification, potentially) or some form of archived (paper) publication for the most "important" works published electronically, the latter set obviously being more likely candidates for substantial editorial work and improvement.

A more complete process would link an e-server to the system, providing systematic oversight of the electronic source of the material, much as the Los Alamos server now does for the community of high energy physics. If e-servers and editorial boards are matched one-to-one, this simply becomes a system of e-journals. However, if a common site for the servers can be established to service a wide array of editorial boards, then the process of entering into the editorial fray is simplified. Thus, parallel development of mechanisms to support independent editorial boards and to provide e-server capabilities for distribution and archiving may be important.

Several paths for providing this electronic "server" access seem feasible. Without implicating individual organizations (and I wish to be clear that I have not discussed these issues with any of the named organizations), it seems tractable to expand a JSTOR-like environment to serve as a repository for manuscripts not yet published elsewhere. HYPATIA would serve the same function. The capabilities inherent in ARL's SPARC system to support e-journals could also be adopted to provide the e-server function for other editorial boards. Ultimately, a wholly decoupled certification process can completely unlink the certification process from the distribution and archival process. And finally, if a national resource is established following David Shulenberger's proposal for a National Electronic Archival Repository (NEAR) the capabilities of that system would also easily serve as repository for manuscripts certified by editorial boards as envisioned in the AAU's decoupling proposal.

IV. Conclusions

Incorporation of digital media into the realm of scholarly communication will inevitably occur, but the path can vary considerably by time, depending on the efforts and specific steps taken by the participants (including institutions of higher education, learned societies, and commercial publishers). Initially, at least, the digital and paper worlds will surely coexist, but eventually the digital world will quite likely become dominant. Some steps will speed the transition, others will hinder it. The ultimate equilibrium can also look very different, depending on the steps taken by various parties. In particular, the costs to higher education can differ significantly, depending on how property rights to intellectual innovations (scholarship and research) evolve, and equally important, the benefits in terms of widespread and easy access can differ greatly across various equilibria.

The evolutionary path towards widespread (if not complete) inclusion of digital media for the exchange of scholarly information will occur more rapidly if higher education institutions and organizations, including AAU, ARL, NASALGC, and others, working where possible in concert with learned societies, move the process towards more favorable outcomes. Specific steps to take include a series of changes in the internal practices of our universities and colleges, e.g., in tenure and promotion review, in library procurement practices, and the like, as outlined in Section II of this paper. A series of external steps are also available, including support of consortial efforts (such as OCLC) for cataloging and inter-library loans, development of consortial buying for journals and electronic databases, support for development of e-journals (such as ARL's SPARC), support for electronic archiving capabilities (such as JSTOR and research fostered by CLIR), and changes in the nature of intellectual quality certification (such as the proposed decoupling mechanisms discussed in Section III).

Ultimately, the long run equilibrium outcome hinges most strongly on the assignment of property rights to intellectual work and the degree of competition in the areas now undertaken by paper journal publication. Currently, virtually every scholar signs over all property rights to a manuscript in order to get it published. In exchange, the author receives a series of benefits, most accruing directly to the author (through professional reputation enhancement), including the certification of the manuscript's quality, its editorial improvement, distribution, indexing, and archiving. Virtually all of the costs of this system are paid either directly or indirectly by institutions of higher education (and to some extent, for profit organizations, in some fields of inquiry), through the implicit or explicit subsidization of the editorial process (editor and referee time), journal purchases, and their indexing and storing in our libraries. This disconnection between the incidence of benefits and costs requires change.

Two types of changes will be necessary to bring this system into line with the purposes of universities and colleges. First, we must find ways to introduce competition into every phase of the process that journals once performed as a bundled effort—quality certification, editorial improvement, distribution, indexing, and archiving. And finally, as a necessary step in creating appropriate competition, we must regain at least partial ownership of the property rights to the intellectual work that we collectively produce as the institutions of higher education in the US and around the world.

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[1] <http://www.arl.org/arl/proceedings/133/shulenburger.html>

[2] <http://scilib.ucsd.edu/sio/guide/prices/perpage1.html>

[3] *Zoomorphology*, published by Springer. Of the 10 most expensive journals on their list, six were published by Gordon and Breach.

[4] *Journal of Biological Chemistry*, published by Am. Society of Biochemistry, *Astrophysical Journal*, published by the University of Chicago Press, and the *Proceedings of the National Academy of Science*, published by the National Academy of Science.

[5] <http://www.wisc.edu/wendt/misc/costben/costben.html>.

[6] My own field of interest—the economics of health care—provides a good example of this process. When I began my work in this area 30 years ago, virtually all of the pertinent work was published in mainline economics journals such as the *American Economic Review, Journal of Political Economy, Quarterly Journal of Economics*, and the like. Second tier economics journals from regional societies sprung up to expand the scope of publication in economics generally, and occasional work appeared in journals of labor economics, public finance, or related "wide interest" journals. Then came the *Journal of Health Economics, Health Economics*, and the *Journal of Risk and Uncertainty*, not to mention journals of health services research such as *Health Care Financing Review, Medical Care, Inquiry*, and tangentially related journals in public finance, taxation, welfare economics, labor economics, regulation and industrial organization, and even medical journals such as *Medical Decision Making* that are all pertinent to my work.

[7] I will borrow another example from our library at the University of Rochester. Four years ago we began installation of the Voyager electronic catalog and search engine system. We were the first US research university to actually bring Voyager to operational status, although the system is now in widespread use, and has recently been adopted by the National Library of Medicine and the Library of Congress. This replaces earlier computer-based technology and eventually the historic card catalog, and does much more as well, but the library's operational costs have not declined. This is not a comment about Voyager, but about technology in general.

[8] This paper was written during a cross country airplane flight on a laptop computer with computing capabilities immensely greater than those available to entire universities just a a few decades ago. The current machine weights 3 pounds, has 7 hours of battery life, a 255 MHZ Pentium chip, and a 2 Gbyte hard drive. All experience with computing power during the past decades has followed Moore's Law, stating that the costs of achieving a given level of computational capability halve every eight years.

[9] In saying this, I wish to be clear that I am not advocating a complete turn-over of library acquisition funds to departments. Two serious concerns block me from adopting such a strategy. First, some journals span multiple departments (economics and business; biology and medical school, philosophy and

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medical ethics, chemistry and chemical engineering; chemistry and physics, etc.) Second, current faculty will not necessarily reflect appropriate inter-generational issues; continuous collections of periodicals have value for future generations of scholars that current faculty will not necessarily represent in their current-year decision making.

[10] *Research-Doctorate Programs in the United States: Continuity and Change*, National Academy Press, 1995.

[11] The indexing function previously carried out by libraries is now generally purchased from external vendors.

[12] OCLC, <http://www.oclc.org/home/>, and the CIC, <http://www.cic.uiuc.edu/>, are examples of collaborative consortial approaches.

[13] <http://www.arl.org/sparc/>

[14] See <http://www.clir.org/> for details.

[15] A more complete description of the logic underlying this approach and potential problems appears at <http://www.econ.rochester.edu/Faculty/PhelpsPapers/Phelps_paper.html>.

PROVOST'S PANEL QUESTION AND ANSWER SESSION

MR. NEAL: I think we've been presented with some very, very provocative ideas on how to address the issues that we've been talking about for many years in the area of scholarly communication. We're very interested in your reactions, your comments, and your questions.

MS. BAKER (Washington University): As librarians, we've been following your work for several years now and I believe there's an effect that you may not be aware of. Provosts thinking about these issues and talking about them among yourselves has changed the quality of our meetings with our provosts. We've gone from the eyes glazing over when we bring up this topic to lively interest, people pulling your papers out of their briefcases and saying, "Let's talk." Thank you.

(Applause.)

MR. JOHNSON (SPARC): I'd like to applaud Dr. Shulenburger's advocacy of NEAR and proposals like that which I think are consistent with the kind of outcomes that SPARC was established to advocate in perhaps a different fashion. But certainly there's a common outcome that we're all seeking.

You indicated that you felt faculty would support an approach such as NEAR. How do you see societies responding to this type of proposal, and what kind of role do you see for them in the new world that would be shaped by the outcome of this idea?

DR. SHULENBURGER: Once upon a time, I viewed societies as being the heroes, and I felt the solution was simply to keep societies from selling their journals. But as I watch the behavior of societies, I see they are beginning to exploit the value of that scholarship themselves. And there's quite an irony in it.

These societies were established to spread scholarship. If they fall into the same mode of raising prices and supporting their infrastructure through selling journals, they become the enemies of the spread of scholarship. There's always a difference between the leadership and the membership. I think the membership of societies, the faculty members, will understand this. And I think they can get their societies, the one that are losing control and moving toward rapid price inflation, back into line.

But I think the campaign that AAU and ARL are involved in needs to be focused on faculty members. They produce the scholarship, and they're the ones who would ultimately benefit from it being more available to them.

DR. PHELPS: My one sentence burst answer is that societies are conflicted for precisely the reasons Dave suggests. Journal publication is a source of revenue for these organizations that far exceeds publication cost of the journals themselves. And to the extent which other activities supported by that revenue are valued by the members of the society in furthering their own interest, that's terrific.

It's not just a publication that helps create dissemination of knowledge. For example, scholarly meetings are an extraordinary resource for doing that. And there are many other things which scholarly societies can do that will expand the dissemination of knowledge. Electronic communication offers an opportunity for learned societies to really position themselves at the center of an intellectual interface with their discipline in ways that have been unheard of before.

Think about the opportunity of putting manuscripts up with posted notes on them. Think of the opportunity for designating fellows as the person who can put the notes on, and members can read them. There are all sorts of ways you can elaborate those, but, fundamentally, societies are conflicted about all this. We've been in discussion with some learned societies during the course of exploring the decoupling proposal that the AAU Digital Intellectual Property Rights Committee has been working on and we're witnessing that conflict in their response to these ideas. There is, I think, a potential conflict between the society staff and the membership that needs to be resolved.

UNIDENTIFIED: Dr. Shulenburger, you've laid the groundwork for the policy that you've taken to your board of trustees. I'd like to ask your advice as to how we replicate this kind of conversation on our campuses? Do you think it begins with the faculty or does it begin with discussions involving the provost and the deans?

And for Dr. Phelps, I want to raise the issue of who is responsible for providing access to that large repository of existing knowledge. Those of us with comprehensive collections recognize it as an obligation to continue to provide that access.

Recently, in the Committee on Institutional Cooperation (CIC), we've adopted a concept that hasn't been implemented yet. It recognizes that if someone is going to maintain access to a retrospective file of scholarship, then there has to be some compensation or some fair trade that takes place. I want to know whether you would support that concept.

DR. SHULENBURGER: There is abundant ignorance. It exists in all quarters on this problem, and I should not have been surprised, because I really wasn't aware myself until I got motivated a couple of years ago to begin digging into it. There are people everywhere who simply believe that if we appropriate enough money that would solve the problem, and that's what we ought to be doing. Wrong. Absolutely wrong.

We cannot buy our way out of this problem. If we try to buy our way out of this problem, the for-profit entities will simply raise prices and absorb every dollar we put into it. That is the wrong solution. And so, I think we have to go to each of the groups you mentioned and spell out the size of the problem, the magnitude of the problem. All of the groups you mentioned have their base in the faculty.

It is different when you go to a governing body. They don't have this background that we have. But we have been able thus far to get our regents to suspend disbelief—about this NEAR idea. This thing they're talking about in policy doesn't exist. They're writing a subjective. Were this animal to exist, we would have articles put in it.

I'm very proud of my regents.

DR. PHELPS: I agree fully that the faculty ultimately has to support these sorts of changes. And whatever we do has to be consistent with their own goals for us to achieve success. Most faculty have dual allegiance. They have an allegiance to their discipline which is national and international. And they have an allegiance to their institution which is more ephemeral. That international, national disciplinary focus means that as long as the faculty have a serious attention paid to that audience, we need to find things that are consistent with their goals in that world as well. And I think, for example, the NEAR proposal does that.

Now, let me turn to your questions to me. Certainly, one of the things that's obvious to us all is that if the decoupling idea is to move forward successfully, there has to be a successful archival process in addition. This just doesn't work without that. And that archival process can take place in a number of ways. The NEAR proposal provides one alternative. My slightly whimsical idea of archives of the 'best hits' of 1998 in field "X" is another. But I think this actually is a fairly serious alternative. Certainly, another is just printing off hard paper copies of electronic journals and putting them in a discrete number of repository libraries as back up in case we fail on our electronic updating.

The resources to undertake electronic archiving are not cheap. Everybody understands that. There's a dual requirement: We determine how to support the certification process in a way that's consistent with the market and with the goals of the faculty members and we also determine how to support the archival process. Ultimately, we may get some money from foundations to start that off.

But ultimately we have to be able to turn our internal resources and those of the libraries of United States universities and colleges, and elsewhere around the world, to support these endeavors. So I'm in full agreement with you that those are absolutely fundamental to our success in these areas.

MR. GHERMAN (Vanderbilt): I applaud your efforts. I have two questions. One, how do you feel you compare to your fellow provosts in grappling with this problem, in recognizing this problem and being willing to deal with it? Although we've heard from Shirley Baker that there have been changes in her provost, my sense is that this may not necessarily always be the case.

The second question is, if we put these policies for intellectual property in place but we don't have that alternative that the faculty may utilize that policy, or to make that policy effective, it's going to fall flat. How do we time the creation of NEAR and the creation of the policy that dictates faculty use NEAR?

DR. SHULENBURGER: That's been the problem we've been grappling with. I have not approached any member of Congress or any association with a request that they establish NEAR, because we don't have consensus.

I think if we began to go to outside groups to ask for some specific action while we don't have consensus, we will do ourselves damage in the long run. My preferred course of action is to get bodies like ARL and the AAU and NASULGC to talk about this problem and to come to a set of solutions. If it's NEAR, that's great, but we need to come to agreement on a set of solutions and then begin to produce results.

Educating the faculty is really the first thing to do. They have to understand this problem, and it's not at all impossible to educate them. It's not very difficult. Ken Frazier, in fact, spoke to NASULGC this summer. We've been part of AAU's academic officer gathering for three years where this is discussed, and I've seen Shirley's description of provosts with blank looks. I saw that three years ago when the topic came up. There weren't many people into it then, but I saw rapt attention to the topic this year.

I think the time is right that the folks on our side of the desk now understand the problem.

DR. PHELPS: There's another part about this in terms of the creation of a NEAR type of project, and that is, there's going to be some substantial political opposition from the commercial publishers.

We have a couple of allies in this, and this is an important aspect that I want all of us to understand. First, almost fortuitously in this case, most of the publishers we are worrying about are overseas in their primary bases. And that's not an irrelevancy in our political process in terms of the journals. The second is, and you can hear this very clearly in the congressional testimony on the WIPO legislation, for example, the commercial publishers and producers of databases are vigorous in their argument that's widely accepted. This is being carried out in the Commerce Committee primarily. They were very successful in selling the idea that we need to implement these intellectual property rights protection more vigorously in the electronic world because, if we don't, it's going to destroy a very important sector of the U.S. economy.

The counter of that argument is, I think, successful if we carry it forward gracefully. And that is that higher education in the United States is perhaps the most successful portion of our economy in every aspect of world trade that you can imagine, possibly with the exception of professional basketball.

(Laughter.)

Higher education is one of the most successful sectors in the U.S. economy. We are extraordinarily successful in higher education. And anything that throws sand in the gears of that process, the degradation of access to information most importantly, I think can be a persuasive argument in Congress.

We have to keep making that point. I made that point in my testimony in June 1998 in the Commerce Committee. And I got this sort of incredulous "you said what?" when I said that higher education was one of the most successful sectors of the U.S. economy. It is, and we've got to keep saying that.

MS. von WAHLDE (SUNY-Buffalo): I wanted to follow up Paul Gherman's comments. I'm probably one of the few ARL directors who does not report to the provost, so my opportunities to speak with him and influence him and educate him on this issue are fairly minimal, although he is interested in the topic.

My comment is that I think you two, as representatives of the provostial group, have an extraordinary responsibility which I hope you will bear and take on to be champions for this cause with your colleagues so that we in turn can focus on educating our faculty, which I think is quite doable. But we need provosts to provide this leadership nationally.

And there are many ways to do that. We depend on you to be out there in front and we will back you and follow you all the way. But you've got to step forward as you have today and assume this responsibility and broaden your group of colleagues and peers to work on it. Thank you.

DR. PHELPS: Thank you. It's not just the provost side. I am blessed by having a president that strongly supports my work in going out into these issues. He understands the extraordinary priority of this, and that's partly why we also keep pushing on the presidents of the AAU—to make sure that the message gets back up to the people we report to.

I just want to urge one little word of caution as we go out on this limb with you. We'll hold hand in hand with you, but you also have to understand that we have a broader set of resource questions than just the libraries that we have to confront. So while we will champion libraries in this work of digital medium communication, it has to be in the context of the other resource demands in our universities. And I hope you will bear with us when we sometimes say no.

DR. SHULENBURGER: The ability to get presidents and chancellors really involved in this is going to depend upon how well we think through the process and the precision of the solution with which we arrive. They're aware of the difficulties. But they're going to have to speak about generalities until we give them some specifics.

So I think when we're putting out a bunch of ideas, we want those crystallized, and as we get them crystallized, I think we'll find a lot of chancellors and presidents willing to champion this.

MR. BRANIN (SUNY-Stony Brook) I agree that the copyright ownership issue is fundamental to this situation. And it seems to me that scholars, our faculty, are key to the copyright ownership issue. My experience in talking with faculty about this has been that they're very concerned about losing their free agency status with regards to copyright and ownership. They are concerned with the idea that there may be a federal law or a university requirement that they share their copyright or limit their distribution rights.

There's a lot of discussion going on now in the SUNY system regarding courseware and the ownership of courseware. And there's great opposition to any kind of university or governmental regulation of that. The unions are taking it up.

How do you deal with that problem or the challenge of faculty resistance to giving up any complete control of their copyright?

DR. SHULENBURGER: What Chuck said a while ago is absolutely key. Faculty members have greater identity with their profession than with their universities. Publication in top quality journals is the coin of realm. It makes them marketable. It makes it possible for them to move from place to place. If you threaten the ability to publish at all, you threaten the livelihood of faculty members.

With intellectual property policies, you have to be very specific about the kind of property you're talking about. The intellectual property policy that we've written in Kansas has eight or ten different categories of property. The NEAR proposal leaves the basic copyright with the faculty member. It lets the faculty member send to whatever journal they want and work with that journal in publication. It simply requires that a portion of it go into what I call the public domain. It's not quite that. The journal would still have the only right to publish it as a journal article. But I think you've got to be cognizant of why faculty members are concerned about infringements in this area and design policies that deal with that concern. Any attempt to simply say, "We paid your salary. We gave you the resources. Therefore, we own the journal article," would get Chuck Phelps killed.

(Laughter.)

DR. PHELPS: I might as well just jump out of the airplane on the way home and save everybody the trouble.

(Laughter.)

DR. PHELPS: Part of this is also an educational matter. In fact, when we publish an article as scholars, we completely give away the copyright now. I don't think very many faculty members think about it and it surprises me occasionally. I still publish scholarly work. I just got an article accepted yesterday by the *Journal of Risk and Uncertainty*. It's a Kluwer publication. The editor's a good friend of mine from Harvard. He sent me this lovely letter, "Congratulations, Chuck. Really nice piece of work. Surprised you can still do this while you're working as provost." I didn't tell him I did most of it before I became provost and took me five years to get it out the door.

(Laughter.)

DR. PHELPS: And then attached right behind that was the standard Kluwer, give us your copyright, signed over in blood, to this piece of work. You know, a year ago, I would have signed that without batting an eye. And I'm really seriously thinking now about the question—you know, I have tenure now. I don't need another publication. I'm actually seriously thinking about putting this question up to them.

But ultimately, we have to confront these journals, and none of us want to do it as faculty members on a one-by-one basis. This is an enormous collective action problem. And if we can find a way to break that collective action problem, this is a piece of cake. I think every scholar in the country, or almost every scholar, will realize this is in our collective good if we can get everybody to do it. But nobody wants to be the first mover.

That's really our problem in some ways. It is not what to do, but strategically how to get from here to NEAR and FAR.

MS. HOFFMAN (York University): I've another question about the NEAR proposal. Do you anticipate that the number of journals will change if NEAR becomes reality?

DR. SHULENBURGER: I suspect so. I suspect that there would be some diminution in the numbers of journals, but I think that's going to be replaced by new journals springing up. The electronic age is a wonderful thing.

The ability to produce collections of knowledge that speak to a specific set of scholars, that's going to keep producing new journals as new sets of ideas come up. And I think that's useful so long as it's not so costly and we can afford to operate it. So I would expect more turnover perhaps than we have now.

DR. PHELPS: I think one of the things that will happen is that these niche publications tend to turn more to strictly electronic publishing. And to the extent that that is cheaper and more effective, we can applaud that. The reason I started my talk with that little economics lesson from Adam Smith is that the subdivision of knowledge is going to continue apace.

And every time one of my faculty members gets into one of those sub-fields and publishes in it, there's a demand placed on my library to get that journal. And a demand placed on all of the other libraries around the country from people that are doing work in that field. It may be of interest to only 400 people and you figure how much they're going to try and price that to support the editorial process for those 400 people. And we'll all buy it under our current circumstances. We all will, unless we take some extraordinary internal steps in the way we do and think about it.

MR. FRAZIER (University of Wisconsin): What do you say to GEAR—Global Electronic Article Repository? The SPARC initiative was born international. There's actually a higher participation by Canadian research institutions than there is by American research institutions as a percentage. And also the question that we keep asking in SPARC, what's the first practical step that we could take to get your vision in test mode and to build a model to start implementation? What would you propose that we might do to get this rolling?

DR. SHULENBURGER: I'm a provost, not a chancellor. I think locally, not globally for that reason. So my motto is first the nation, then the world.

(Laughter.)

If we can do it the other way around, Ken, I'm all in favor of doing that. I don't know whether it's desirable to start small and work large. I suppose if we thought that were the thing to do, we could gather together a group of scholarly societies that are worried to death about how they're going to archive stuff long term and say, look, we'll take that over for you.

The price will be that 90 days after publication, your journal goes into this repository. Maybe you'd get some folks to go along. But I'm not much for gradualism right now.

DR. PHELPS: Ken, I think it's a very interesting idea. Remember, Dave's first path to that outcome is to get a federal law. And path two is to get some collaboration among the universities and colleges in the United States.

The first requires intervention of our government. If you go to multiple countries, you are involving multiple governments. And if you take the second step and try to do it collaboratively, you'll most likely be dealing more intensively in this country than others, but everywhere with anti-trust issues that we'd have to concern ourselves with. It may be that going globally as the first step would be most important. It may be that the strategy is to have the U.S. be a leader and do a model policy, allowing others to follow. These are the strategy choices we have to think about more.

MR. BILLINGS (University of Texas): Let me admit to some ignorance here, and perhaps it's because I'm not an economist. I'm not exactly sure how you see that NEAR is going to depress the initial cost of journals. It seems to me that NEAR is at the rear end instead of at the front end.

In effect, we have a version of NEAR right now. It's called fair use. We have access and deliver either physically or electronically, so forth and so on. But it would seem to me that if we could move the distribution along with decoupling up at the front end instead of the rear end, you're making a much more dramatic impact on the whole manner in which we provide scholarly communication. I just don't understand why NEAR is going to depress the initial cost that are charged by publishers.

DR. SHULENBURGER: This is empirically verifiable, but I would think that most journal articles are, in fact, accessed beyond the 90-day period that I'm talking about and not solely within the 90-day period in which the journal would have exclusive ownership of the material. I'm terribly concerned in the electronic age if we move away from fair use to contracts that say you've got access to this publication for a year—your subscription period—and beyond that, you don't have access to it at all. Access should belong to us long term. I want to move that into the academy. I think when you truncate the period when the journal has exclusive right to the article, you truncate what the journal's selling. It's selling 90-day access. It's no longer selling permanent access under copyright or, under contract, one-year access.

And 90-day access is worth a lot less than a year's access. I think it would have the effect of reducing the price, myself. A lot of libraries would simply say we like this material a lot—but for $18,000 a year, we can wait 90 days.

DR. PHELPS: One point I want to emphasize is that the fair use law is operating under attack in the digital world. There are substantial attempts to restrict fair use in the digital world. You can hear that all over the WIPO implementation discussions.

And a second point is that even under the current copyright law, a lot of ambiguity exists. For example, when we try to assemble things like course packs for faculty, we incur royalty fees to publishers to republish the work that we wrote. And the cost of that has driven a lot of faculty in reducing the amount of readings they're giving to students. They've changed the way they do courses.

I'm not saying it's a lethal blow to universities, but it's throwing sand in the gears. And it's not just the publication of the journals themselves, it's the subsequent use downstream. Finally, I just want to recognize that the storage costs for journals is also not a trivial portion of the full cost of acquiring a journal. That each acquisition includes the subscription price, the index, the binding. It includes the physical space to store that sucker. And overall—I've been playing around a little with this—I suspect that the journal acquisition price itself, the subscription fee, represents probably over half, but no ways 80 or 90 percent of the full cost of a journal. That will vary some, obviously depending on whether it's a $3,000 or a $30,000 journal subscription.

But we got to be careful when we think about these things. It's not just the subscription price. The storage would be reduced if we went to the electronic world. The demands on additional space in our libraries would be resolved. There's a lot of additional benefits as well.

DR. SHULENBURGER: Inter-library loan costs would be eliminated essentially.

MR. MOSHER (University of Pennsylvania): Just a few questions. One is to consider the issue of the U.S. scholar who publishes, as a great many do, in European or foreign journals and how this works out in that regard? My second question concerns legislation that would tell you how you must publish and whether that might have constitutional or legal problems of its own in terms of free speech.

The final question is just wondering whether, with the JSTOR project, there's any indication that this project reduced the price of any of the journals covered by JSTOR?

DR. SHULENBURGER: I don't know the answer to the legal question. And it troubles me, but the wealth of this nation is in large part a result of the research generated in its universities. I think that the legal framework can be changed, can be altered if we show the Congress that there's a convincing threat towards access to scholarship. And I'd encourage us to start doing that.

DR. PHELPS: Obviously, the concepts of fair use that are built into the U.S. copyright law are evidence that we understand and are willing to make balances on those issues. In terms of the question about whether the constraints on property rights that are suggested in NEAR would alter that intellectual freedom of discussion, there is, I think, a pretty convincing argument that nothing in this NEAR proposal alters the ability for people to say what they want, which I think is the most important thing to our faculty and to us.

This simply increases and enhances the distributional value. So I don't think there's an issue in terms of free speech that raises any serious concerns to me. I do think there is a question of balancing who shares the value. Where is that value being placed? Is it just shareholders of Elsevier and Kluwer or is it in the economy more broadly?

We need to keep pushing those ideas. As for JSTOR, an interesting question. We're both empirical economists. I suspect we'll both delve in and see if we can figure that out. Mark McCabe, who spoke yesterday, may well be positioned to do that, too. In fact, he will be ideally positioned given the database he's assembled.

(Applause.)

APPENDIX I

ARL BUSINESS MEETING
OCTOBER 16, 1998

President's Report

MR. NEAL (Johns Hopkins University): I'd like to open the ARL Business Meeting and remind everyone that this meeting is for members only. I'll start by reporting on five Board actions that I thought would be useful to bring to your attention. First, the Board has discharged the Work Group on Scientific and Technical Information per the recommendation of that group. We have approved the implementation of a five-year rolling exchange rate for determining the annual membership dues for Canadian members in order to moderate the annual impact of currency fluctuations. We have established a new Internet2 Working Group chaired by Margo Crist. We are working with several committees of the organization to develop and implement the AAU/ARL educational campaign on scholarly communication and copyright. And lastly, I am pleased to announce that the new president-elect is Ken Frazier, University of Wisconsin.

(Applause.)

Report of the Nominations Committee

MR. NEAL: I would now like to introduce Betty Bengtson, chair of the Nominations Committee to give her report and to move the membership adoption of the slate for new members of the Board.

MS. BENGTSON (University of Washington, Seattle): Thank you. First, I'd like to thank the members of the Nominations Committee who worked with me on this, Tom Shaughnessy of the University of Minnesota and Sarah Thomas of Cornell University. We're very pleased to present a slate of three nominees for positions on the ARL Board, and those nominees are Meredith Butler of SUNY Albany, Joe Hewitt, University of North Carolina-Chapel Hill and Carolynne Presser, University of Manitoba. And we move the adoption of the slate.

MR. NEAL: It has been moved by the chair of the Nominations Committee that these three individuals be elected as members of the ARL Board. Are there any nominations from the floor?

(No response.)

MR. NEAL: Seeing and hearing none, we will accept this recommendation and vote in favor by acclamation. Thank you, and welcome to those three new members of the Board.

(Applause.)

Recommendations for 1999 Dues

MR. NEAL: I would now like to turn your attention to the dues proposal. There was a document sent out under my signature dated September 11th, 1998 which lays out the thinking of the Board and the recommendation of the Board concerning the dues for 1999. The Board confronted some very pressing financial issues for the Association in terms of advancing our priorities and our objectives.

We were faced not only with the increase in operating costs, but we also wanted to extend a significant merit-based salary adjustment pool for the staff of ARL. We wanted to enable the continuation of the ARL Leadership and Career Development Program. And we also wanted to advance a much more aggressive and sustained public information, public relations campus education program related to our work in the electronic information environment.

Therefore, given those priorities and those needs, we needed to generate $124,600. And we have proposed to accomplish that financial goal through a variety of strategies. These strategies include a roughly three percent increase of dues, which would generate $54,450, and a reduction of $20,000 in the contribution to reserve.

You will recall that earlier, the Board had designated that $60,000 each year would be built into the annual budget of the Association for the purpose of creating that reserve fund. That fund has grown significantly, and it was the feeling of the Board that while we should not undermine, diminish, or undercut our goal for that reserve fund, we could reduce the amount that we put into that fund each year in conjunction with a different investment strategy for the Association. The Board also recommended, working with Duane Webster and the ARL staff, that we invest ARL's reserve fund in financial instruments that produce a higher level of return. We discussed strategies for accomplishing that at the meeting of the Board this past week. We believe that in the long term this will produce higher levels of income for the Association and allow us to reduce the annual contribution to reserve and perhaps even accelerate reaching our objective of a million dollar reserve.

We also talked about ways that we could reduce Association expenses by taking a fresh look at our Membership Meeting structure. The Board did recommend that we seek to achieve a savings of about $20,000 each year in the organization and length of the October Membership Meeting. And the goal in the coming year, with the approval of this dues proposal, would be taking a hard look at how we invest ourselves in this fall meeting and to see if we can reduce our expenses by about $20,000.

The last piece of the budget plan was to recognize the important support being extended to the SPARC initiative by the staff and the infrastructure of ARL. After consulting with the SPARC leadership, it was agreed that some of the expenses that ARL incurs to support SPARC should be covered instead by the SPARC member dues. Beginning in 1999, SPARC will reimburse ARL for administrative services provided. This amount is estimated at $30,000.

The combination of $54,450 from the three percent dues increase, the reduction in the reserve contribution by $20,000, the reduction in the Fall meeting cost by $20,150 and a SPARC reimbursement of $30,000, gives us the necessary $124,600 to meet the financial goals of the organization.

Therefore, the Board brings this recommendation to your attention and asks for your questions, discussion, and vote. Are there any questions?

UNIDENTIFIED: I'd like to hear a little more about what it means to reduce the budget for the October meeting. I think it would be helpful to have a little more background on what that would entail.

MR. NEAL: I'm going to ask other members of the Board to assist me in this discussion. But I think our discussion focused on the desire of the members to have increased opportunities to meet and talk with one another as compared with two meetings a year that were focused completely on speaker presentations. And so, one of the objectives was to maximize those opportunities for interaction.

Secondly, it was felt that we could concentrate and target a lot of our programmatic activities more successfully and effectively into one meeting a year. Essentially, we can build a higher quality programmatic effort during the May meeting and focus more attention on the work of the organization and interactions among members at the October meeting.

The net result of this could be the reduction of the October meeting by one day. This would include the expectation that the Friday of each October meeting would be devoted to the SPARC Working Group. It will be an opportunity for that organization to bring its members together and have a full day of discussion of SPARC plans and developments.

That, I believe, was the thinking of the Board as it sought to experiment with a different approach to the October meeting. We recognize that by having made this commitment, it is not a perpetual commitment. It gives us an opportunity, perhaps for a few years, to see if a different approach to the fall meeting makes a qualitative difference in achieving programmatic goals, member networking goals, and providing an opportunity for some real substantive work by SPARC within the context of the meeting.

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UNIDENTIFIED: I'd like to comment that I support the dues increase, and I'm sure that the consensus will as well. But I would also like to comment that I think ARL is the best bargain in town. And in the interest of administering locally and well as globally, ARL's agenda is also my home agenda. And I don't think three percent is very much. So as far as direction for the future, if ARL needs the money, I'll pay it.

MR. NEAL: I think the Board feels a sense of responsibility to the members by trying to manage the resources effectively. And, at the three percent level, this does represent the lowest increase that we have proposed since 1989.

I think we also recognize that the set of activities we as ARL embrace is calling upon us to make contributions in other ways, whether it's through the Global Resources Program with our financial and staff commitments, or whether it's through SPARC with another set of dollars we're being asked to invest. So we try to take the total picture of what our institutions are bringing forward financially to advance the ARL agenda.

MR. FRAZIER (University of Wisconsin): There was a strong commitment in the Board to good stewardship by managing resources as wisely as we could in the interest of the membership. But I must add that there's also qualified support for that notion of reducing the programatic aspect of the October Membership Meeting. The history of this organization is that it succeeds in attracting directors to the Membership Meeting while other membership organizations to which our institutions belong do not.

And I think there has to remain a sustained commitment to bringing us together, and that requires a quality program. So that commitment is there, and we're going to experiment with it, as Jim says. But we're going to do this with attention to having a quality program that will keep bringing you back.

MS. von WAHLDE (SUNY-Buffalo): I recognize that the idea of changing the October Membership Meeting is probably ripe for consideration, and I applaud the idea of looking for ways in which we can spend more time together to talk about the issues that are important to us and to learn from one another, rather than have talking heads. However, I thought today's speakers were very intriguing and interesting, and I appreciated that program.

I don't expect to have all the details from you yet, because it sounds like you're certainly sorting this out. But I am very interested in how this will be organized, how you will communicate this with us, what our opportunities will be to influence the shape of those days and the outcomes that we would expect from shifting the way we conduct our meetings. I would also welcome the idea of having top quality programs at the May meeting.

MR. NEAL: Let me review the pattern of the Membership Meeting and our ideas for next fall. Tuesday we're already committed to the meeting of the Board. On Wednesday we're committed to the various committees of the Association. And what is being proposed is to commit Friday to the SPARC discussions and advancement, which leaves Thursday as the window for activities, whether those be enhanced interaction opportunities with leaders from our own institutions or from partner institutions. I think that is something that will be shaped over the next several months. And I think the primary tool for really getting member involvement in that planning is to use our electronic discussion list, and Betty Bengtson will work very closely with staff to make sure that happens.

MS. HOGAN (University of Illinois at Chicago): One of the things to think about when you're setting up this timing is the rhythm of the school year. One of the advantages of the program we had today and yesterday was the fact that we have proposals before us that we now have the rest of the school year in a number of academic settings to bring forward and discuss.

If this program was replicated in May, we would lose that energy and attention that we're all going home with right now over the course of the summer. So I think we need to be thoughtful about seizing the moment for initiatives that have an importance in timing. And even yesterday's McCabe presentation will influence the programs that I go to for the rest of the year. And again, in May, that would not have the same effect by the time I went through the summer and September hit me.

MS. von WAHLDE: I also wanted to follow up on the use of our time. Because I've been an ARL director now for about 12 years, I find that my physical ability to go through the whole range of activities that we have with so many breakfast meetings and receptions, it's getting harder to achieve as I age. I don't have the stamina that was there when I was a fresh, young ARL director.

I'd like to see some models, plans, or possibilities developed that we might respond to, or some sort of survey sent to the membership about what things we like best to engage in, and what things we can do without.

MR. NEAL: I agree with that, Barbara, and I think we also have the benefit of the evaluations that members contribute. A lot is said through those evaluations both in terms of specific directions as well as the collective evaluations.

MS. CRETH (University of Iowa): I think it's interesting that this proposal has come forward and probably it is not coincidental. I've heard a lot of talk, both at this meeting and a year ago about what Barbara von Wahlde has said. There is just no time to really interact and talk, because we're being almost assaulted with people talking at us. So even for those younger ones, they may find it a bit wearying.

But I also think you must be listening to what people say, and I hope both myself and my colleagues will be honest about the programs in our response on meeting evaluations. I'm concerned that we seem to always have programs using the number three. We must have three speakers. This morning was an exception. It not only costs the Association money to get those people here, house them, et cetera. But then you have little time for questions and interactions. This morning, where we had two speakers, we had ample time for questions and interaction. So I would urge that we stop trying to load our programs in terms of the number of speakers.

And the other point is I think you should watch and listen to what we say about the program yesterday afternoon where we had presentations, and then we had the opportunity to sit together in smaller meetings. I attended two of those. There was a lot of good energy in those discussions. And during the one on fundraising, we all seemed to have been sitting around taking notes and learning from one another. There is a lot of expertise and experience sitting in this room, and we don't always need to hear from people external to us. We have a great deal to learn from one another. And we're here at our expense, not the Association's. So you also save money there, you know.

I think the timing is good, and I commend the Board for rethinking this, but like Barbara von Wahlde, I'd urge you to check with the membership about your ideas with regard to all day Wednesday for committee meetings and all day Friday for SPARC. Maybe some people would have some different views on that.

MR. NEAL: I agree. I think you've echoed a lot of the discussion and thinking that went on in the Board's review of this.

MR. LEINBACH (Tulane): Just a quick idea on perhaps saving some more money on this meeting. It seems to me we have an awful lot of free food, and I know hotel food is not cheap. I think most of us could handle the meals if we had to pay for them. I don't know how much money that would save at this meeting, but maybe a few thousand dollars, just an idea. Like a cash bar.

MR. NEAL: I think we're going to look at all of the cost elements that are bundled up in providing this type of meeting for the Association.

UNIDENTIFIED: It's not particularly new, but here is something to think about as you plan for the fall. If you have committees on one day and you have essentially one day for programs and interaction, it could well be that some people—particularly given the cost of travel—if they're not particularly interested in SPARC, would forego ARL. And then I think we would see a real diminishing of our interaction. Many of the people who preceded me spoke about the social interaction, and I think that's one of the most important reasons why I make the trip. And as you look at the economies, do weigh the fact that this is probably the one place where we have a strong community to interact with.

MR. NEAL: I agree, and I think that will be a key element in evaluating any new strategies for the meeting.

We have a proposal from the Board for you to adopt a 3% member dues increase for 1999. All those in favor, please say aye.

(A chorus of ayes.)

MR. NEAL: Any opposed?

(No response.)

MR. NEAL: Any abstentions?

(No response.)

MR. NEAL: Thank you.

I'd like to invite Gloria Werner to present the Board of Directors recommendation concerning the membership of George Washington University. She chaired the committee comprised of Martin Runkle and myself to visit the campus this past February. Gloria, would you please provide us with your report?

Report of the Special Membership Committee

MS. WERNER (University of California-Los Angeles): As you will all remember, we've had a new process for the last several years for looking at potential new members. It goes through two stages. The first involves a quantitative assessment of whether a potential member institution is eligible or not. And having passed that kind of analysis, a visiting committee goes to the institution. As Jim Neal said, he and Marty Runkle and I spent almost two days at George Washington University.

In that setting, we're really trying to assess the qualitative kind of factors that involve membership in this organization. I can tell you that the visiting committee had a very productive and positive experience. We did recommend to the full Board that we invite George Washington University to become a member of ARL, and with the Board's complete endorsement, I am recommending to the membership that we vote on that issue.

MR. NEAL: Thank you. It has been moved by the Board upon the recommendation of its Special Membership Committee to invite George Washington University for membership in ARL. Is there any discussion?

UNIDENTIFIED: What do we see out on the horizon in terms of other potential candidates for membership? Do we have any idea if other institutions are in this position?

MR. WEBSTER (ARL Executive Director): There are a few institutions, less than a handful, that either have the numbers or are approaching the numbers that would deserve consideration. We will have a better sense after we get current data produced for non-member libraries. That data should be available soon from ACRL.

When we have that additional data available, we'll have better sense of which of the non-members may be eligible.

MR. NEAL: Any other questions?

(No response.)

MR. NEAL: All those in favor of the invitation to George Washington University, please say aye.

(A chorus of ayes.)

MR. NEAL: Any opposed?

(No response.)

MR. NEAL: Any abstentions?

(No response.)

MR. NEAL: It is unanimous. Congratulations to George Washington University Library.

(Applause)

We have one additional report. At our last business meeting, we authorized the creation of a working group on the Purchasing and Negotiating Center proposal. Paula Kaufman has been chairing that working group, and she's going to provide an update on the work of the committee.

Report from the Working Group on the Purchasing Negotiation Center

MS. KAUFMAN (University of Tennessee): Thank you. The charge to our Working Group was to design a study of the feasibility of a purchasing and negotiating center, to identify organizations that could carry out that study and to identify possible funding agencies. You need to know that your working group was filled with those of us who are more skeptical than not about the viability of this, so I think we came to the table with that healthy skepticism.

As a premise for discussion, the Working Group agreed that the most critical role for such a center would be as a service bureau for negotiating licenses for high ticket electronic content. Its service market would be individual libraries, both ARL and non-ARL, and consortia in North America. The center would serve as an aggregator and a consolidator.

Then we identified some potential secondary roles, including concentrating on the same services for non-electronic content. While we were in the process of undertaking our discussions about designing this feasibility study, a number of things happened in the larger marketplace. Specifically, we saw the first national multi-consortia license actually negotiated and carried out.

At the same time, the ARL staff took a poll of funding agencies, and it did not appear that there are deep pockets to fund this kind of study. So our question really changed from how do we do this study or how do we carry out this kind of function to how can we facilitate others to serve as the focal points for national and North American deals? And so, what we're doing now is monitoring the marketplace and encouraging consortia who are looking at the market to analyze that market.

We're talking in depth with SOLINET. We've already had one discussion, and we'll be having others. SOLINET did that first national deal. They are in the process of building a business plan to get into this market in a larger way. They've identified some of the barriers and we're going to be talking with them about what those barriers are and how ARL might facilitate lowering those barriers.

We also plan to encourage ICOLC (International Coalition of Library Consortia) to develop a searchable database of the various products that its members currently offer so that each of us can do better comparison shopping of the deals that might be available to us. And we're going to be watching what's happening out there in the marketplace, looking for organizations that are actually thinking about or will be undertaking some of these national deals and helping them move forward with that.

We're also going to call upon the principles that ARL developed with other library associations. *Principles for Licensing Electronic Resources* is a little booklet that we all put out to help identify some standard license terms for ARL libraries <http://www.arl.org/scomm/licensing/principles.html>. Perhaps, if things go far enough, we will develop a matrix of the various quirks of each of our individual libraries so it will be easier to facilitate the licensing process with each of our libraries.

And clearly, we're going to continue to look at how all this goes in the marketplace and when it might be appropriate—if none of these things go very well—for us to go back to the table to look at the issues that we need to look at for a feasibility study. So that's what our group is up to. Are there any questions?

MR. KOBULNICKY (University of Connecticut): This is not so much a question as a comment. I attended the ICOLC meeting in Denver a couple of weeks ago, and I think that I was the only ARL director there. What I was struck by as the vendors came in and met with this group was that the attraction of this multi-consortia type of deal is market share. They see that they've already got everybody in this room.

And what they're after is the smaller institutions that they don't have in their pocket. And so, coming to the table with a whole group of smaller institutions is the attraction and the bargaining power there.

MS. KAUFMAN: Are there any other questions or comments?

(No response.)

MR. NEAL: Are there any other committees of the Association that need or want to report to the membership today?

(No response.)

Report from the Copyright Issues Working Group

MR. NEAL: I just want to make one quick comment about the efforts of the Copyright Issues Working Group. We heard Arnie Lutzker's comments yesterday at lunch, and there were four strategies outlined by the Copyright Issues Working Group that need to be focused on post-WIPO legislation. One was to make sure that we have an effective role and effectively contribute to the distance learning study that will be organized by the Library of Congress.

Secondly, coming out of the WIPO legislation, we need to tell the story in a very aggressive and effective way of what we accomplished and how we interpret what that legislation is telling us for our communities.

Third, we need to position ourselves to participate and contribute information to the ISP (Internet Service Provider) liabilities studies that are going to be conducted over a two-year period. And we need to position ourselves to be very strong and aggressive as new database legislation is inevitably brought to the new Congress next year. So we're working very hard to make sure that ARL and the interest of research libraries and higher education are reflected in those four areas.

I'd now like to move to Duane Webster for the Executive Director's Report.

Report of the Executive Director

MR. WEBSTER: Thank you. As I think you've seen during the course of the meeting this week, we're dealing with a very interesting array of issues. We have considerable energy and ideas and hard work focused on those issues, and we are making progress in having an impact on the agenda you've set out for us. You can see how the priorities, as they were framed this year by the ARL Board of Directors, have served as a focus to continually test our work against.

I think you've heard with the SPARC reports, with the legislative reports, with the report on the Global Resources Program, with the discussions around scholarly communication and the Pew activity, and with the roundtable discussions, that we are, in fact, pursuing those priorities with some success. With the establishment of those priorities, though, we have to translate them into operations and deploy staff in pursuing them.

And so, the way we've done that is to look at the operating budget for the executive office for 1998, the $2.3 million dollars which is provided principally from the dues base. Seventy percent of the executive office's funds come from membership dues. That, combined with the Office of Leadership and Management Services, created a budget of roughly $3 million dollars. That allows us to put into play 13 program staff, 10 support staff, and to operate our facility at 21 Dupont Circle.

Operating that facility, particularly with the conference room, is of utmost importance as a resource for the Association. That conference room is an attractive place to lure the higher education community to come and engage in work with us, deal with issues, or to use the facility even if it's not on an immediate library related issues. We do make that facility available for higher education associations to use when there is a need for it. And it is often used. It's a very active room, and it is a wonderful way of positioning the Association in a central fashion at an intersection of discussion and an intersection of commerce as it turns out.

We structure ARL operations around a series of programs. We've been able to fund, staff and present very active programs that go beyond the Association and take our issues, our agenda, and our work into larger arenas to be very influential.

The way we try to keep you informed of what's going on, of course, is through a variety of communication channels. The *ARL Program Plan* which comes out at the beginning of the year is in lieu of annual report. It's an anticipatory annual report, if you will. It tells you what we're currently doing and what we plan to do during the course of the year. And it's framed around the priorities set by the Board. The activity report that comes out at this time of year reports on how progress has been made over the last nine months.

We have also come up with a new format for this report. Bradley Houseton and Lee Anne George have helped us in designing a format which we hope is more readable for you. It's a little tighter, more bullet points, more concise. If you need to have additional information, believe me, we are eager to provide that.

With the *ARL Bimonthly Report*, we've made considerable progress with Jaia Barrett's help in moving the newsletter from a house organ that focuses just on what ARL is doing to be more of an issue oriented commentary. Attempting to put our agenda of issues out, not just to the directors, but really to our communities. This is a newsletter that's intended for the scholarly community. It's not just intended for ARL directors. And it's very much intended to get our point of view and our perspective on these issues understood and promoted.

The monthly E-News for ARL Directors is for you. It's more of a house organ, if you will, telling you what we're doing on a month by month basis. Hopefully, it is formatted in a fashion that you can scan it and move it on to somebody else. But at least a scan will keep you tuned in and aware of what is going on within the Association.

We update the ARL Webpage on a weekly basis so that we can take some of the pressure off the monthly news and also be very current. The ARL Website has proven to be a useful device for the staff to come together, almost like a press room might come together as a group of editors to say what is breaking, what we have available this week to give to the members, and what we need to highlight.

I hope you make an effort to check that page on a weekly basis to see the dynamic nature of the work of the Association and the resources being made available to you <www.arl.org>.

The director's electronic discussion list is your vehicle for expressing points of view, raising questions and securing information. It is limited to you, and your flow of views, ideas, interests, arguments is, in fact, entirely shaped by you.

The *ARL-Announce* is a one-way broadcast to electronically issue our press releases.

I'd like to turn to a little bit of a salute to the staff and to talk a little bit about the changes that are taking place within your staff. There have been a number of appointments and promotions over the last nine months, and I'd just like to review that with you briefly. Katherine Deiss has been named as the Program Manager of the Office of Leadership and Management Services, effective in June. She's worked in a variety of capacities for the Association, working first as an adjunct faculty member and then moving in as a training officer. In the last several years, she has emerged as a person with tremendous energy, vitality and interest. She will certainly be able to pick up and move the OLMS program forward to what we need in the future.

(Applause.)

MR. WEBSTER: As you know, Jaia Barrett left in July to go to Kiev, Ukraine where she's going to be for the next several years while she continues to work with us in editing the *Bimonthly Report*. We've established a distant relationship, but an electronic relationship that is working very well to have her continue on a part-time basis to serve as the editor for the *Bimonthly Report* and to do a variety of other tasks that we're working with her on.

But in the meantime, we've been fortunate to attract Lee Anne George into a position we're calling the Program Planning Officer. Lee Anne joins us from Harvard, and before that, she was at George Washington University. So we have a connection to our new member. She is working on a variety of things, including being the point person on the content part of the program over the last several days.

(Applause.)

MR. WEBSTER: Laurel Jamtgaard, you were introduced to and you welcomed on Thursday. She has been a delight to have with us as policy analyst and lawyer, bringing connections of Pam Samuelson and the Berkeley crowd into our office. She's been of great help.

The next person is Mary Jackson. Mary is one of these wonderful long term relationships we've developed starting first with Paul Mosher's willingness to share Mary's expertise from the University of Pennsylvania as a Visiting Program Officer. Then, because of the interest of her family in moving to Washington, she has moved from a position of Visiting Program Officer to Access Consultant. With the developments of this year and with her success in that capacity, I've offered her the position of Senior Program Officer for Access Services and she accepted in June. I also need to add that, effective this past September, she was asked to pick up the reigns from Dorothy Gregor and serve as the Executive Director for the National Coordinating Committee for Japanese Collections. This is a part-time position that is compensated by the NCC, so it works to our benefit in several respects.

(Applause.)

MR. WEBSTER: The next new staff member we've been able to attract is Rick Johnson who is leading the SPARC initiative. He knows the research library community very well and brings tremendous talent and experience from the world of publishing.

The next person I'd like to highlight is DeEtta Jones, who has been with us for a little over three years. Because of her success in shaping and moving along the Diversity Program, I was happy to promote her to Senior Program Officer for Diversity, effective in June. She's doing a marvelous job for us.

(Applause)

MR. WEBSTER: Our newest person is Trish Roseel who is coming to us from Vancouver, British Colombia having worked for an electronic information services network. She is joining the Office of Leadership and Management Services as a Visiting Program Officer with a particular portfolio and interest in distance learning. This is an investment OLMS is making both in a concept and in a person, and we're very eager to welcome Trish and look forward to her work with OLMS.

(Applause.)

MR. WEBSTER: Those are the changes that are taking place in the staff arena. We also have a cadre of folks who have been here for a period of time. They represent what I view as a very talented and important group of senior staff that provides stability, talent and continues to provide energy to focus the programs.

And, of course, you know these people. You know Prue Adler. You know Jaia Barrett, who is more distant but continues to contribute, Julia Blixrud, Patricia Brennen, of course, Mary Case, and Deborah Jakubs. And with Deborah I would like to say thank you publicly to David Ferriero for his willingness to make available some of Deborah's time. He recently promoted Deborah to Director for Collection Service, a critical spot for Duke University. David's willingness to continue to let Deborah spend a portion of her time as a Visiting Program Officer and as head of the Global Resources Program is really quite important to us.

Martha Kyrillidou continues to work half-time for ARL from Greece. She will be returning to ARL full time within the next year.

And Dru Mogge, our technology person, has been very crucial and important to us as we've worked to strengthen our electronic communication capabilities throughout the Association.

And finally, let me acknowledge Mary Jane Brooks' great help with the smooth running of the Association as well as the smooth arrangements and operation of the Membership Meeting. So I'd like to acknowledge both the senior staff and Mary Jane Brooks.

(Applause.)

MR. WEBSTER: In closure, let me say that it's absolutely essential to us that we work in very close partnership with an agile governing structure. A governing structure that demonstrates interests, ideas, willingness to work and a willingness to treat and deal with staff on a collegial basis. We've had great success in doing that over the years. You can see that in the current array of members who are serving in a governance capacity.

This past year has been particularly exciting, not just because of the issues and not just because of the progress we've made on those issues but because of the character and quality of the relationships we enjoy with you.

Working with Jim Neal this past year has really captured the essence of this relationship. Jim has just brought an enormous amount of energy and fresh ideas. He has always been available on short notice to provide insight, advice, and counsel—despite his schedule. And I think foremost and very importantly, he's always been there to give encouragement and support to all of the ARL staff. So thank you very much, Jim.

(Applause.)

MR. NEAL: Thank you, Duane. I'd like to invite three individuals who are leaving the ARL Board to come forward and provide us with an opportunity to thank them for their outstanding leadership, service and commitment to ARL. I'd like to ask Carol Moore, Bill Crowe, and Gloria Werner to the front of the room.

Bill Crowe, University of Kansas, has served on the Board for three years, and has always been a voice of reason. And we thank you Bill, also, for your provost.

(Applause.)

MR. NEAL: Carol Moore, University of Toronto, has always brought a very, very valuable perspective to our thinking. She really helps us think about north of border, and that's important to an association like ours. We really appreciate all that you've done for us. Thank you.

(Applause.)

MR. NEAL: Gloria Werner, UCLA, has served five years on the Board. In addition to her years of contribution on the Board, she also, as you know, served as ARL President in 1997. Her leadership and direction set in motion many of the important initiatives that we have embraced and addressed here today. Thank you very much.

(Applause.)

MR. NEAL: As my last action as ARL President, I want to report to you that the membership of the Association is in a very strong strategic position, programmatically, financially, and politically. Over the last year, ARL has advanced its core agenda. The range and impact of its activities are extraordinary. Just consider these five: the Pew Roundtable, the Scholarly Publishing and Academic Resources Coalition, the Copyright wars, the Global Resources Program, and the Leadership and Career Development Program. All speak passionately to the impact and role that ARL plays in the scholarly and higher education communities.

We are blessed, as Duane said, with a remarkable staff. We are blessed with an extraordinarily strong Executive Director and a membership who contributes so much to the vitality of this organization. I am pleased to pass this gavel to your new President, Betty Bengtson. Thank you.

(Applause.)

MS. BENGTSON: As I've been reflecting on Jim's presidency, the first phrase that comes to my mind is 'hard act to follow'. We've all been privileged to observe and benefit from Jim's energetic leadership this year. As we know, he's the ultimate multi-tasker, because he has not only been serving as President of ARL, but he's also been serving on the ALA Executive Board and has been very, very involved in IFLA as well.

We certainly can thank Jim for his involvement with and continued leadership on copyright issues. He has been energetic in taking our message to many venues, including a stint in Geneva when the WIPO was being considered last year, and has worked very, very vigorously on those legislative issues. Those of us who have been privileged to watch him manage meetings of the Board this past year have learned a great deal. He encourages discussion. He invites new ideas, but then he summarizes, gets a decision and moves on. So they've been very, very efficient meetings. And he's done it all with a great deal of humor. And, Jim, we want you to accept this small memento of remembrance and thanks.

MR. NEAL: Thank you very much.

MS. BENGTSON: Thank you. And, of course, Jim will serve as our past-president this next year. He will continue on the Board and on the Executive Committee, and we will continue to benefit from his ideas and leadership.

I have a few items to remind you about before we adjourn. First of all, the May Membership Meeting will be held in Kansas City, May 12th to 14th, 1999. I was in Kansas City over the weekend before I came here, and I think you will be pleased with the hotel, with the location, and with the local hospitality. Bill Crowe came over from Lawrence and I spent a very nice morning with him and with staff from the Linda Hall Library. Bill then drove me out to Lawrence, and we timed it to see if it would be possible to take you out to Lawrence during the meeting. We're still debating that, but I think you will enjoy the heartland.

Remember also to fill out and turn in your evaluation forms for this meeting. As you've been reminded again and again, we do pay attention to what you say. So, please be sure to complete the short form. The Board of Directors meeting will begin after this session is finished.

The SPARC Working Group meeting will be held this afternoon.

Are there other business items which need to come before the membership this afternoon before we adjourn?

MS. CRETH: I'd like to put something forward that maybe we could all be thinking about in terms of discussion for our next meeting. I applaud and support the Leadership and Career Development Program. I think it's important. I hope to see us continue it, but I remain concerned, as I know a number of my colleagues are.

This was reinforced yesterday with the presentation on demographics and the fact that we are not going to see the minorities coming through the pipeline into higher education. I think we are challenged as a community together, not just as individual institutions, on what we might do to bring people into the pipeline and not simply continue to fight over those that are already in our profession.

And so, I want to put forward a proposal in the hopes that it might help to prime other people to come up with better ideas. I'm convinced that if we can organize around legislation and if we can organize SPARC, then we can, in fact, collectively address recruitment of minorities for careers at research libraries. But we have not yet done so. So I propose that every member of ARL, using their private funds or resources, commit to support one individual to go to graduate library school under contract to work for us for two years following their graduation.

If we did that and were successful, we could bring, in one fell swoop, over 100 new minorities into our profession. It would probably not cost us much more than SPARC or other endeavors, but it could make an enormous difference. And I would really like to see us give some serious thought to this issue—what other ideas are there? How can we move people into this pipeline of higher education and into our research libraries?

We are really not accomplishing that in any collective sense at all. Thank you.

MS. BENGTSON: Thank you, Sheila. I would think that is a challenge that each of us should take up. Thank you.

MS. SCOTT (National Library of Canada): I'm speaking as chair of the IFLA Committee on Copyright and other Intellectual Property matters. I just wanted to let you all know that we have set up several working groups. One of them is on licensing. And we are looking particularly at clauses which really hurt fair use, or fair dealing, as well as provisions which really go against interlibrary loan.

So if any of you know of such clauses in contracts and licensing agreements, and feel that you could share them with me, I would be very grateful. It is a vast activity, as you can well imagine, to try and identify these clauses. So if any of you that know of such clauses, I'd appreciate your help. Thank you.

MS. BENGTSON: I would encourage all of you then to send those clauses to Marianne. The issue that Marianne has just talked about really affects all of us. Individual decisions and contracts begin to accumulate into policies and practices that we haven't stopped to really think about. So I think these are very important issues that you've raised. Thank you.

Are there other issues for the membership before we adjourn?

(No response.)

MS. BENGTSON: Thank you for attention. I declare the 133rd Membership Meeting adjourned.

(Applause.)

APPENDIX II

REPORT ON ASSOCIATION ACTIVITIES, MARCH 1998–SEPTEMBER 1998

For the complete text of the *ARL Activities Report 1998*, please see <http://www.arl.org/arl/activities/1998/>. The table of contents of the report is reprinted below.

ARL ACTIVITIES REPORT 1998 TABLE OF CONTENTS

Scholarly Communication and Information Policies

Objective 1: *To understand, contribute to, and improve the system of scholarly communication and the information policies that affect the availability and usefulness of research resources.*

1.1 Office of Scholarly Communication

Scholarly Publishing & Academic Resources Coalition (SPARC)

1.2 Federal Relations and Information Policy Development

1.3 Intellectual Property and Copyright Issues

Access and Technology

Objective 2: *To make access to research resources more efficient and effective.*

Objective 5: *To assist member libraries to exploit technology in fulfillment of their mission and assess the impact of educational technologies on scholarly communication and on the role of research libraries.*

2.1 Access

2.2 Coalition for Networked Information

Collection and Preservation

Objective 3: *To support member libraries' efforts to develop and maintain research collections, both individually and in the aggregate.*

Objective 4: *To support member libraries' efforts to preserve research collections, both individually and in the aggregate.*

3.1 Collection Services

3.2 Preservation

Staffing and Management

Objective 6: *To identify on an ongoing basis the capabilities and characteristics required for research library personnel to best serve their constituencies, and to assist member libraries and educational programs in the recruitment, development and effective use of staff.*

Objective 7: *To assist member libraries in augmenting their management capabilities.*

4.1 Diversity Program

Leadership and Career Development Program (LCDP)

4.2 Office of Leadership and Management Services

OLMS Organizational Development

OLMS Information Services Program

OLMS Training and Leadership Development Program

Performance Measures

Objective 8: *To describe and measure the performance of research libraries and their contributions to teaching, research, scholarship, and community service.*

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Communications and Liaison

Research and Development

6.1 Summary of Grant-Funded Activities: 1998

ARL Visiting Program Officer (VPO) Program

Supporting Capabilities

7.1 Communication and External Relations

ARL Publications Program

Electronic Communications and Technology

7.2 Membership Meetings

7.3 International Relations

7.4 General Administration

Governance of the Association

ARL Board of Directors

Committees and Working Groups

APPENDIX III

133RD ARL MEMBERSHIP MEETING
OCTOBER 14–16, 1998
ATTENDANCE LIST

Member Institution	Represented by
University of Alabama	Charles Osburn
University of Alberta	Ernie Ingles
University of Arizona	Carla Stoffle
Arizona State University	Sherrie Schmidt
Auburn University	Stella Bentley
Boston Public Library	Bernard Margolis
Boston University	Robert Hudson
Brigham Young University	[not represented]
University of British Columbia	Catherine Quinlan
Brown University	Merrily Taylor
University of California, Berkeley	Millicent Abell
University of California, Davis	[not represented]
University of California, Irvine	Gerald Munoff
University of California, Los Angeles	Gloria Werner
University of California, Riverside	[not represented]
University of California, San Diego	[not represented]
University of California, Santa Barbara	Cecily Johns
Canada Institute for Scientific & Technical Info	Bernard Dumouchel
Case Western Reserve University	Joanne Eustis
Center for Research Libraries	Donald Simpson
University of Chicago	Barbara Van Deventer
University of Cincinnati	David Kohl
University of Colorado	James Williams
Colorado State University	Camila Alire
Columbia University	Elaine Sloan
University of Connecticut	Paul Kobulnicky
Cornell University	Sarah Thomas
Dartmouth College	Margaret Otto
University of Delaware	Susan Brynteson
Duke University	David Ferriero
Emory University	Joan Gotwals
University of Florida	Dale Canelas
Florida State University	Charles Miller
Georgetown University	Sue Martin
University of Georgia	William Potter
Georgia Institute of Technology	Miriam Drake
University of Guelph	Michael Ridley
Harvard University	Nancy Cline
University of Hawaii	[not represented]
University of Houston	Dana Rooks
Howard University	Mod Mekkawi
University of Illinois at Chicago	Sharon Hogan

Member Institution	Represented by
University of Illinois at Urbana-Champaign	Robert Wedgeworth
Indiana University	Suzanne Thorin
University of Iowa	Sheila Creth
Iowa State University	Olivia Madison
Johns Hopkins University	James Neal
University of Kansas	William Crowe
Kent State University	[not represented
University of Kentucky	Maggie Johnson
Laval University	Claude Bonnelly
Library of Congress	Winston Tabb
Linda Hall Library	Mary Moeller
Louisiana State University	Jennifer Cargill
McGill University	Frances Groen
McMaster University	Graham Hill
University of Manitoba	Carolynne Presser
University of Maryland	Charles Lowry
University of Massachusetts	Margo Crist
Massachusetts Institute of Technology	Ann Wolpert
University of Miami	Don Bosseau
University of Michigan	William Gosling
Michigan State University	Clifford Haka
University of Minnesota	Tom Shaughnessy
University of Missouri	Martha Alexander
National Agricultural Library	Pamela André
National Library of Canada	Marianne Scott
National Library of Medicine	Betsy Humphreys
University of Nebraska-Lincoln	Joan Giesecke
University of New Mexico	[not represented]
New York Public Library	William Walker
New York State Library	Liz Lane
New York University	Nancy Kranich
University of North Carolina at Chapel Hill	Joe Hewitt
North Carolina State University	Susan Nutter
Northwestern University	David Bishop
University of Notre Dame	Jennifer Younger
Ohio State University	William Studer
Ohio University	Hwa-Wei Lee
University of Oklahoma	Sul Lee
Oklahoma State University	Edward Johnson
University of Oregon	George Shipman
University of Pennsylvania	Paul Mosher
Pennsylvania State University	Nancy Eaton
University of Pittsburgh	Pam Vance
Princeton University	Karin Trainer
Purdue University	Emily Mobley
Queen's University	Paul Wiens
Rice University	Charles Henry
University of Rochester	Ronald Dow
Rutgers University	Marianne Gaunt
University of Saskatchewan	Frank Winter
Smithsonian Institution	Nancy Gwinn
University of South Carolina	George Terry

Member Institution	Represented by
University of Southern California	[not represented]
Southern Illinois University	Carolyn Snyder
Stanford University	[not represented]
State University of New York–Albany	Meredith Butler
State University of New York–Buffalo	Barbara von Wahlde
State University of New York–Stony Brook	Joseph Branin
Syracuse University	Peter Graham
Temple University	Maureen Pastine
University of Tennessee	Paula Kaufman
University of Texas	Harold Billings
Texas A&M University	Fred Heath
Texas Tech University	Dale Cluff
University of Toronto	Carole Moore
Tulane University	Phil Leinbach
University of Utah	Sarah Michalak
Vanderbilt University	Paul Gherman
University of Virginia	Karin Wittenborg
Virginia Tech	Eileen Hitchingham
University of Washington	Betty Bengtson
Washington State University	Nancy Baker
Washington University	Shirley Baker
University of Waterloo	Murray Shepherd
Wayne State University	[not represented]
University of Western Ontario	Joyce Garnett
University of Wisconsin	Kenneth Frazier
Yale University	Scott Bennett
York University	Ellen Hoffmann

Guests/Speakers	
ALA-Washington Office	Carol Henderson
Association of College & Research Libraries	Althea Jenkins
Association of College & Research Libraries	Maureen Sullivan
Association of American Universities	Nils Hasselmo
Association of American Universities	John Vaughn
Baker, Parker, and Associates	Jerry Baker
University of California, Los Angeles	Eudora Loh
University of Chicago	James Nye
Columbia University	David Magier
Cornell University	Mary Opperman
Council on Library and Information Resources	Deanna Marcum
Council on Library and Information Resources	Abby Smith
Georgia Institute of Technology	Mark McCabe
U.S. Government Printing Office	Michael DiMario
Harvard University	Jan Merrill-Oldham
Indiana University	Dwight Burlingame
University of Kansas	David Shulenburger
Library of Congress	John Cole
University of Maryland	Daniel Mote
National Commission on Libraries & Info Science	Robert Willard
National Endowment for the Humanities	George Farr

National Humanities Alliance	John Hammer
New York University	Carlton Rochell
NINCH	David Green
University of North Carolina	Lars Schoultz
OCLC, Inc.	Jay Jordan
Pennsylvania State University	Jorge Schement
Research Libraries Group	James Michalko
University of Rochester	Charles Phelps
Syracuse University	David Stam

LCDP/Guests

University of California, Riverside	Carlos Rodriguez
University of California, Santa Barbara	Patrick Dawson
University of California, Santa Barbara	Nerea Llamas
Colorado State University	Teresa Neely
University of Houston	Janet Lee-Smeltzer
University of Iowa	Janice Simmons-Welburn
University of Kansas	Vicky Coleman
Massachusetts Institute of Technology	Poping Lin
Rutgers University	Mark Winston
Sinte Gleska University	Barbi Lehn
Smithsonian Institution	Valerie Wheat
State University of New York–Buffalo	Neville Prendergast
University of Oregon	Jon Cawthorne
Temple University	Tracey Hunter
University of Tennessee	Thura Mack
Texas A&M University	Johnnie Love
Texas A&M University	Maria de Jesus Ayala-Schueneman
University of Virginia	Denise Stephens

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Deiss, Kathryn	OLMS Program Manager
George, Lee Anne	Program Planning Officer
Jackson, Mary	Senior Program Officer for Access Services
Jakubs, Deborah	Director, Global Resources Program, Duke University
Jamtgaard, Laurel	ARL/SLA/ALA Policy Analyst
Johnson, Rick	SPARC Enterprise Director
Jones, DeEtta	Senior Program Officer for Diversity
Lippincott, Joan	Associate Executive Director, CNI
Lynch, Clifford	Executive Director, CNI
Mogge, Dru	Electronic Services Coordinator
Rosseel, Trish	OLMS Visiting Program Officer
Webster, Duane	Executive Director

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